

Octopus AIM VCTs

Octopus AIM VCTs Prospectus

Offers for Subscription by Octopus AIM VCT plc and Octopus AIM VCT 2 plc for the tax years 2024/2025 and 2025/2026 to raise up to £20 million by way of an issue of new shares.

23 September 2024

octopus investments
A brighter way



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If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 (FSMA).

This document, which comprises a prospectus relating to Octopus AIM VCT plc (“Octopus AIM”) and Octopus AIM VCT 2 plc (“Octopus AIM 2”) (Octopus AIM and Octopus AIM 2 together the “Companies”) dated 23 September 2024, has been prepared in accordance with the Prospectus Regulation Rules, and has been approved for publication by the Financial Conduct Authority as a prospectus under article 20 of the Prospectus Regulation.

The Companies and the Directors, whose names appear on pages 24 and 25 of this document, accept responsibility for the information contained herein. To the best of the knowledge of the Companies and the Directors, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Companies are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Subject to FSMA, the Prospectus Regulation Rules and applicable laws, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Companies since the date of this document or that the information in this document is correct as at any time after this date.

The Prospectus has been approved by the Financial Conduct Authority, as competent authority under the Prospectus Regulation. The FCA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Companies or the quality of the New Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Shares. The Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

Persons receiving this document should note that Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sponsor for the Companies and no-one else and will not, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder, be responsible to any other person for providing the protections afforded to customers of Howard Kennedy Corporate Services LLP or providing advice in connection with any matters referred to herein.

Octopus AIM VCT plc
(registered number 03477519)

Octopus AIM VCT 2 plc
(registered number 05528235)

Prospectus relating to:

offers for subscription by Octopus AIM VCT plc and Octopus AIM VCT 2 plc of New Shares to raise up to a maximum of £20 million, in aggregate, payable in full in cash on application*

Sponsor
Howard Kennedy Corporate Services LLP

The ordinary shares of the Companies in issue at the date of this document are listed on the Official List and traded on the London Stock Exchange’s main market for listed securities. Applications have been made to the FCA for all of the New Shares to be listed on the Official List and applications will be made to the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities. It is expected that such admission will become effective, and that trading will commence, in respect of the New Shares within ten business days of their allotment. The New Shares will be issued in registered form and will be freely transferable in both certificated and uncertificated form and will rank pari passu in all respects with the existing Shares.

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any New Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Offers are not being made, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, 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, New Zealand, Japan or the Republic of South Africa or in any other jurisdiction where to do so would be unlawful.

Your attention is drawn to the risk factors set out on pages 12 to 14 of this document. Prospective investors should read the whole text of this document and should be aware that an investment in the Companies involves a high degree of risk and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. All statements regarding the Companies' business, financial position and prospects should be viewed in light of such risk factors.

The contents of this document and the information incorporated herein by reference should not be construed as legal, business or tax advice. Neither the Companies nor any of the Directors or representatives or advisers are making any representation to any offeree or purchaser or acquirer of the New Shares regarding the legality of an investment in the New Shares by such offeree or purchaser or acquirer under the laws applicable to such offeree or purchaser or acquirer.

*If the Offers are oversubscribed they may be increased by a further £10 million, in aggregate, at the discretion of the Boards.

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Summary

Introduction and Warnings

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| Name and ISIN of Securities | Ordinary shares of 1 pence each in the capital of Octopus AIM VCT plc (ISIN: GB0034202076) and ordinary shares of 0.01 pence each in the capital of Octopus AIM VCT 2 plc (ISIN: GB00B0JQZZ80) (together "Shares"). |
| Identity and Contact Details of Issuer | Octopus AIM VCT plc ("Octopus AIM") was incorporated and registered in England and Wales on 8 December 1997 as a public company limited by shares under the Companies Act 1985 with registered number 03477519 (LEI: 213800C5JHJUQLAFP619). Octopus AIM VCT 2 plc ("Octopus AIM 2") was incorporated and registered in England and Wales on 4 August 2005 as a public company limited by shares under the Companies Act 1985 with registered number 05528235 (LEI: 213800BW27BKJCI35L17) (Octopus AIM and Octopus AIM 2 together the "Companies"). The registered office of the Companies is at 6 th Floor, 33 Holborn, London EC1N 2HT and they can be contacted at www.octopusinvestments.com or by telephone on 0800 316 2295. |
| Competent Authority approving the Prospectus | The Financial Conduct Authority, 12 Endeavour Square, London E20 1JN, telephone 020 7066 1000. |
| Date of Approval of the Prospectus | 23 September 2024. |
| Warnings | <p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.</p> <p>An investor could lose all or part of their invested capital.</p> <p>Civil liability attaches only to those persons who have tabled this summary, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Shares.</p> |

Key Information on the Issuer

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| Who is the Issuer of the Securities? | |
| Domicile and legal form | <p>Octopus AIM is domiciled in England and was incorporated and registered in England and Wales on 8 December 1997 as a public company limited by shares under the Companies Act 1985 with registered number 03477519 (LEI: 213800C5JHJUQLAFP619).</p> <p>Octopus AIM 2 is domiciled in England and was incorporated and registered in England and Wales on 4 August 2005 as a public company limited by shares under the Companies Act 1985 with registered number 05528235 (LEI: 213800BW27BKJCI35L17).</p> <p>The principal legislation under which the Companies operate is the Companies Act 2006 and the regulations made thereunder.</p> |
| Principal Activities | The Companies invest in a broad range of AIM or Aquis Stock Exchange (formerly NEX Exchange Limited) traded companies across a range of sectors which have the potential to grow and enhance their value. |
| Major Shareholders | The Companies are not aware of any person or persons who have, or who following the Offers will, or could have, directly or indirectly, voting rights representing 3% or more of the issued share capital of the Companies or who can, or could following the Offers, directly or indirectly exercise control over the Companies. There are no different voting rights for any of the Companies' shareholders. |
| Directors | <p>The Directors of Octopus AIM (all of whom are non-executive) are:</p> <p>Neal Ransome (Chair) Andrew Boteler Louise Nash Joanne Parfrey</p> |

| | <p>The Directors of Octopus AIM 2 (all of whom are non-executive) are:</p> <p>Keith Mullins (Chair) Virginia (Connelly) Bull Andrew Raynor Bradley Ormsby</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--------------------|---------|-------------------------------|------|---|----------|------------------------|-------|--|----------|--|-----|--|-------|---|-----|--|-----|---|-----|---|-------|--|------|--------------------------|--------|--|---|--|--|--------------------|--------|--------|--------|-------------------------------|------|------|------|---|----------|---------|-------|------------------------|-------|-------|-----|
| Statutory Auditors | The statutory auditor of the Companies is BDO LLP, 55 Baker Street, London W1U 7EU. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| What is the key financial information regarding the issuer? | <p>Octopus AIM</p> <table border="1" data-bbox="564 495 1275 1491"> <thead> <tr> <th></th> <th>Audited Financial Results for the Year Ended 29 February 2024</th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td>129,109</td> </tr> <tr> <td>Net asset value per Share (p)</td> <td>63.3</td> </tr> <tr> <td>Net profit/loss before taxation (£'000)</td> <td>(17,734)</td> </tr> <tr> <td>Earnings per Share (p)</td> <td>(9.6)</td> </tr> <tr> <td>Total income before operating expenses (£'000)</td> <td>(14,832)</td> </tr> <tr> <td>Performance fee (accrued/paid) (£'000)</td> <td>N/A</td> </tr> <tr> <td>Investment management fee (accrued/paid) (£'000)</td> <td>2,221</td> </tr> <tr> <td>Any other material fees paid to service providers (£'000)</td> <td>N/A</td> </tr> <tr> <td>Revenue return after expenses and taxation (£'000)</td> <td>824</td> </tr> <tr> <td>Dividend per Share paid during the year (p)</td> <td>5.0</td> </tr> <tr> <td>Expenses (£'000) (inclusive of investment management fee noted above)</td> <td>2,902</td> </tr> <tr> <td>As a percentage of average Shareholders' funds</td> <td>2.2%</td> </tr> <tr> <td>Total return/ (loss) (p)</td> <td>(10.2)</td> </tr> </tbody> </table> <p>Octopus AIM 2</p> <table border="1" data-bbox="320 1581 1520 1971"> <thead> <tr> <th></th> <th>Audited Financial Results for the Year Ended 30 November 2023</th> <th>Unaudited Financial Results for the 6 months ended 31 May 2023</th> <th>Unaudited Financial Results for the 6 months ended 31 May 2024</th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td>84,690</td> <td>88,237</td> <td>83,409</td> </tr> <tr> <td>Net asset value per Share (p)</td> <td>47.9</td> <td>53.9</td> <td>45.5</td> </tr> <tr> <td>Net profit/loss before taxation (£'000)</td> <td>(15,709)</td> <td>(9,038)</td> <td>5,464</td> </tr> <tr> <td>Earnings per Share (p)</td> <td>(9.6)</td> <td>(5.5)</td> <td>3.0</td> </tr> </tbody> </table> | | Audited Financial Results for the Year Ended 29 February 2024 | Net assets (£'000) | 129,109 | Net asset value per Share (p) | 63.3 | Net profit/loss before taxation (£'000) | (17,734) | Earnings per Share (p) | (9.6) | Total income before operating expenses (£'000) | (14,832) | Performance fee (accrued/paid) (£'000) | N/A | Investment management fee (accrued/paid) (£'000) | 2,221 | Any other material fees paid to service providers (£'000) | N/A | Revenue return after expenses and taxation (£'000) | 824 | Dividend per Share paid during the year (p) | 5.0 | Expenses (£'000) (inclusive of investment management fee noted above) | 2,902 | As a percentage of average Shareholders' funds | 2.2% | Total return/ (loss) (p) | (10.2) | | Audited Financial Results for the Year Ended 30 November 2023 | Unaudited Financial Results for the 6 months ended 31 May 2023 | Unaudited Financial Results for the 6 months ended 31 May 2024 | Net assets (£'000) | 84,690 | 88,237 | 83,409 | Net asset value per Share (p) | 47.9 | 53.9 | 45.5 | Net profit/loss before taxation (£'000) | (15,709) | (9,038) | 5,464 | Earnings per Share (p) | (9.6) | (5.5) | 3.0 |
| | Audited Financial Results for the Year Ended 29 February 2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net assets (£'000) | 129,109 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net asset value per Share (p) | 63.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit/loss before taxation (£'000) | (17,734) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Earnings per Share (p) | (9.6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total income before operating expenses (£'000) | (14,832) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance fee (accrued/paid) (£'000) | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment management fee (accrued/paid) (£'000) | 2,221 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Any other material fees paid to service providers (£'000) | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue return after expenses and taxation (£'000) | 824 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend per Share paid during the year (p) | 5.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses (£'000) (inclusive of investment management fee noted above) | 2,902 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| As a percentage of average Shareholders' funds | 2.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total return/ (loss) (p) | (10.2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Audited Financial Results for the Year Ended 30 November 2023 | Unaudited Financial Results for the 6 months ended 31 May 2023 | Unaudited Financial Results for the 6 months ended 31 May 2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net assets (£'000) | 84,690 | 88,237 | 83,409 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net asset value per Share (p) | 47.9 | 53.9 | 45.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit/loss before taxation (£'000) | (15,709) | (9,038) | 5,464 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Earnings per Share (p) | (9.6) | (5.5) | 3.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Total income before operating expenses (£'000) | (13,609) | (7,916) | 6,503 |
| Performance fee (accrued/paid) (£'000) | N/A | N/A | N/A |
| Investment management fee (accrued/paid) (£'000) | 1,572 | 844 | 711 |
| Any other material fees paid to service providers (£'000) | N/A | N/A | N/A |
| Revenue return after expenses and taxation (£'000) | 273 | 7 | 366 |
| Dividend per Share paid during the year (p) | 4.1 | 2.3 | 5.4 |
| Expenses (£'000) (inclusive of investment management fee noted above) | 2,100 | 1,122 | 1,039 |
| As a percentage of average Shareholders' funds | 2.3% | 1.2% | 1.2% |
| Total return/ (loss) (p) | (9.6) | (5.4) | 3.0 |

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| <p>What are the key risks that are specific to the issuer?</p> | <p>Set out below is a summary of the most material risk factors specific to the Companies</p> <p>The value of a venture capital trust depends on the performance of the underlying assets. 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 Companies invest, 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.</p> <p>In recent years consecutive economic shocks, resulting from the Coronavirus (COVID19) pandemic, the Russian invasion of Ukraine and conflict in the Middle East have caused increased geopolitical and economic uncertainty resulting in high levels of inflation. The associated policy responses by the Bank of England and other global central banks to increase interest rates reduced expectations for global economic growth and led to a short shallow technical recession in the UK. Reduced economic activity is likely to reduce corporate profitability in the short term and cause falls in the valuation of growth companies whose value is sensitive to higher interest rates. In August 2024 the Bank of England introduced its first rate cut since 2020 evidencing signs of an improving economic environment, however Central Banks are likely to be cautious in reducing interest rates too quickly, conscious that falling interest rates might also add to enhanced inflationary pressure. Such conditions present significant challenges and may adversely affect the performance of companies in which the Companies may invest, which in turn may adversely affect the performance of the Companies. This may also negatively impact the number or quality of investment opportunities available to the Companies.</p> <p>Despite a falling inflation rate in the first half of 2024, it is anticipated that higher costs of living will continue to put pressure on customers and businesses in the near term with inflation still exceeding the Bank of England's target rate of 2%. Any change in government and/or of governmental, economic, fiscal, monetary or political policy, in particular government spending reviews and political party policies may affect levels of unemployment, stock market volatility, consumer confidence and interests rates. This may have an adverse effect on the Companies' portfolio companies and, potentially, their value and have a negative impact on the net asset value of the Companies, which in turn may have an adverse effect on the future investment returns of the Companies and the market value of the Shares.</p> <p>The Companies' 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 tax status of the Companies. These factors may affect the performance of the Companies and the returns for investors.</p> <p>The new Labour Government has announced that an autumn budget will be held on 30 October 2024. A significant change in governmental, economic, fiscal, monetary or political policy, in particular government spending reviews and cuts, could materially affect directly or indirectly, the operation of the Companies and/or the performance of the Companies (as affected by the share price performance of the companies in which the Companies invest).</p> <p>Investments in AIM traded, Aquis Stock Exchange traded and unquoted companies, such as those in which the Companies invest, by their nature, involve a higher degree of risk than investment in companies listed on the Official List.</p> <p>The Companies will only pay dividends on their Shares to the extent that they have distributable reserves and cash available for that purpose. A reduction in income received, or in capital gains realised, from the Companies' investments may adversely affect the dividends payable to Shareholders.</p> |
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| | <p>The Finance Act 2014 amended 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 capital 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 Companies to fund dividends and share buybacks.</p> <p>The VCT rules include a maximum age limit for investments (generally seven years from first commercial sale, or ten years for knowledge intensive companies), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for Knowledge Intensive Companies). Companies receiving VCT funds are not permitted to use those funds to acquire shares, businesses or certain intangible assets. The Finance Act 2018 introduced a new "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk. The Companies may not make any prohibited non-qualifying investments, including those which breach the "risk-to-capital" condition, and the potential penalty for contravention of these rules can include loss of VCT status with a resultant clawback of VCT tax reliefs from investors. Due to HMRC's interpretation of the financial health requirement, VCTs may not be able to follow-on investments in portfolio companies which are more than seven years old and if their accumulated losses exceed half of the subscribed share capital. This may mean that there are fewer opportunities for investment and that the Companies may not be able to provide further investment funds for companies already in their portfolios. Breach of any of these conditions could result in the loss of VCT status by the Companies.</p> |
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Key Information on the Securities

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| What are the main features of the securities? | |
| Type, class and ISIN of securities | Octopus AIM will issue new ordinary shares of 1 pence each under the Offers (ISIN: GB0034202076) and Octopus AIM 2 will issue new ordinary shares of 0.01 pence each under the Offers (ISIN: GB00B0JQZZ80) (together "New Shares"). |
| Currency, par value and number to be issued | The currency of the New Shares is Sterling. The New Shares to be issued by Octopus AIM are ordinary shares of 1 pence each and the New Shares to be issued by Octopus AIM 2 are ordinary shares of 0.01 pence each. The Companies will issue up to £20 million of New Shares, in aggregate, with an over-allotment facility of up to a further £10 million of New Shares, in aggregate. The maximum New Shares that may be issued by Octopus AIM and Octopus AIM 2 is £18 million of New Shares and £12 million of New Shares, respectively. |
| Rights attaching to the securities | <p>As regards Income: The holders of the Shares as a class shall be entitled to receive such dividends as the Directors resolve to pay.</p> <p>As regards Capital: On a return of capital on a winding up or on a return of capital (other than on a purchase by the Companies of their own shares) the surplus capital and assets shall be divided amongst the holders of Shares pro rata according to the nominal capital paid up on their respective holdings of Shares.</p> <p>As regards Voting and General Meetings: Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each holder of Shares present in person or by proxy shall on a poll have one vote for each Share of which he is the holder.</p> <p>As regards Redemption: The Shares are not redeemable.</p> |
| Seniority of securities | The New Shares that are the subject of the Offers will rank equally with the existing Shares in the event of an insolvency of the Companies. |
| Restrictions on the free transferability of the securities | There are no restrictions on the free transferability of the Shares. |
| Dividend policy | <p>Generally, a VCT must distribute by way of dividends, such amount as to ensure that it retains not more than 15% of its income from shares and securities.</p> <p>Octopus AIM intends to pay dividends to Shareholders and currently has a policy of paying a minimum dividend of 5p per year or a</p> |

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| | <p>5% yield based on Share price at the financial year end, whichever is greater at the time.</p> <p>Octopus AIM 2 intends to pay dividends to Shareholders and currently has a policy of paying a minimum dividend of 3.6p per year or a 5% yield based on Share price at the financial year end, whichever is greater at the time.</p> <p>The payment of dividends will result in a reduction in the net asset values of the Companies.</p> |
| Where will the securities be traded? | <p>Applications have been made to the FCA for the New Shares issued pursuant to the Offers to be admitted to the Official List and will be made to the London Stock Exchange for the New Shares issued pursuant to the Offers to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that each such admission will become effective, and that dealings in those New Shares will commence, within ten business days of their allotment.</p> |
| What are the key risks that are specific to the securities? | <p>Set out below is a summary of the most material risk factors specific to the Shares</p> <p>There is no certainty that the market price of Shares will fully reflect their underlying net asset value ("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 their underlying NAV.</p> <p>Although the existing Shares have been (and it is anticipated that the New Shares to be issued under the Offers will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment.</p> <p>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. Tax relief on subscriptions for Shares is also restricted if, within six months of subscription, whether before or after the subscription, the investor also disposes of Shares in the same Company.</p> |

Key Information on the Offer of Securities to the Public and/or Admission to Trading on a Regulated Market

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| Under which conditions and timetable can I invest in this security? | <p>Details of the Offer and Admission to Trading</p> <p>Up to £20 million of New Shares, in aggregate, are being made available under the Offers, with an over-allotment facility for up to a further £10 million of New Shares, in aggregate. The maximum New Shares that may be issued by Octopus AIM and Octopus AIM 2 is £18 million of New Shares and £12 million of New Shares, respectively. The New Shares are payable by an applicant in full upon application. The Offers will close on 22 September 2025 or earlier if fully subscribed. The directors of the Companies reserve the right to close the Offers in respect of their Company prior to the close of the Offers by the other Company and to accept applications and issue New Shares at any time following the receipt of valid applications. Applications relating to the 2024/25 tax year will be accepted in priority to applications relating to the 2025/26 tax year. Applications have been made to the FCA for the New Shares issued pursuant to the Offers to be admitted to the Official List and will be made to the London Stock Exchange for the New Shares issued pursuant to the Offers to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admission will become effective, and that trading will commence in respect of the New Shares within ten business days of their allotment.</p> <p>Pricing of the Offers</p> <p>The price per New Share under the Offers ("Offer Price") will be determined by the following formula:</p> <p>the most recently announced NAV per Share of each Company at the time of allotment, divided by 0.945</p> <p>The Companies announce their NAV on a weekly basis. Where the Share prices for the Companies have been declared ex-dividend on the London Stock Exchange, the NAV used for determining the Offer Price will be ex-dividend. In respect of the Offers, 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 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 Boards.</p> <p>Costs of the Offers</p> <p>The initial costs of the Offers (including intermediary commission) are capped at 5.5% of gross proceeds of the Offers.</p> <p>Expenses charged to investors</p> <p>In consideration for promoting the Offers, the Companies will pay an initial charge of 3% of the gross sum invested in the Offers to Octopus Investments Limited, the Companies' investment manager ("Octopus"). This is payable in the same way on all subscriptions</p> |
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to the Offers. From this sum Octopus will discharge all external costs of advice and their own and the Companies' costs in respect of the Offers. 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 Companies.

In consideration for promoting the Offers, if an application is made directly (not through an intermediary/adviser) then the Companies will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional ongoing charge of 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to that investor for up to nine years, provided the investor continues to be the beneficial owner of the New Shares. The cost of this ongoing charge will not result in a higher fee to investors since Octopus will reduce its annual management fee accordingly.

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

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

The Companies 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 above.

The Companies can also facilitate 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 most recently announced NAV multiplied by the number of New Shares allotted to that investor for up to nine years, provided that the investor continues to be the beneficial owner of the New 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 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 Share will be donated to a charity approved by the relevant Board. The cost of ongoing adviser charges will not result in a higher fee to investors since Octopus will reduce its annual management fee accordingly.

If the investor terminates their relationship with the intermediary/adviser then the Companies will not make any further payments of ongoing adviser charges to that intermediary/adviser. The Companies 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 Offers through a financial intermediary/adviser and have received upfront advice with no ongoing adviser charge, including investors who are investing through intermediaries/advisers using financial platforms.

Where an investor agreed to an upfront fee only, the Companies 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 Companies will not facilitate ongoing annual payments. To ensure that the Companies are not financially disadvantaged by such payment, a notional ongoing adviser charge equivalent to 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to that investor will be deemed to have been paid by the Companies for a period of nine years. Octopus will subsequently reduce its annual management charge by the amount of this notional ongoing adviser charge to ensure that the Companies are not financially disadvantaged.

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 Companies to such an intermediary. An ongoing charge of 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to that investor will be paid to the intermediary by Octopus for up to nine years provided that the investor continues to be the beneficial owner of the New Shares (and in the case of an intermediary the intermediary continues to act for the investor). Since Octopus pays the cost of this ongoing charge, this will not result in a higher fee to investors.

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 NAV per Share immediately subsequent to subscriptions in the Offers being made. Octopus has agreed to

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| | <p>indemnify the Companies against any costs of the Offers (including intermediary commission) exceeding 5.5% of the gross proceeds of the Offers.</p> <p>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 beneficial holder of the New Shares. Any subsequent 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 subsequent purchaser of New Shares will not benefit from the issue or allotment of any additional Shares under the arrangements set out above. Shares issued as part of these reinvestment arrangements will not qualify for the income tax relief on the cost of the investment that is applicable to venture capital trusts.</p> <p>Any additional Shares which are issued under the arrangements described above will be issued in full and final satisfaction of any cash sums which would otherwise be due to the investor. The Companies do 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 Companies is simply to facilitate such payments to the extent permitted by applicable rules and regulations.</p> <p>Loyalty Discount</p> <p>Investors who are existing shareholders of any venture capital trust which is, or was at any time, managed by Octopus, will benefit from the costs of the Offers being reduced by 1%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus and issued at the most recently announced NAV per Share, divided by 0.945 as described above.</p> <p>Dilution</p> <p>The existing issued Octopus AIM Shares will represent 87.0% of the enlarged ordinary share capital of Octopus AIM immediately following the Offers, assuming the Offers are fully subscribed in both Companies, including the over-allotment facility, with subscriptions split as to 60%/40% as between Octopus AIM and Octopus AIM 2, respectively, and with 30,560,271 New Shares being issued by Octopus AIM at an Offer Price of 58.9p, and on that basis Octopus AIM shareholders who do not subscribe under the Offers will, therefore, be diluted by 13.0%.</p> <p>The existing issued Octopus AIM 2 Shares will represent 87.7% of the enlarged ordinary share capital of Octopus AIM 2 immediately following the Offers, assuming the Offers are fully subscribed in both Companies, including the over-allotment facility, with subscriptions split as to 60%/40% as between Octopus AIM and Octopus AIM 2, respectively, and with 26,143,790 New Shares being issued by Octopus AIM 2 at an Offer Price of 45.9p, and on that basis Octopus AIM 2 shareholders who do not subscribe under the Offers will, therefore, be diluted by 12.3%.</p> |
| <p>Why is this prospectus being produced?</p> | <p>The raising of further funds by way of the Offers is intended to:</p> <ul style="list-style-type: none"> • provide existing and new investors with the opportunity to invest into smaller companies in a tax-efficient manner, through an experienced investment management team; • provide existing investments with additional capital in pursuit of their growth objectives; • provide additional funds for new investments into qualifying companies so that the portfolios can potentially be diversified; and • provide the Companies with additional funds for their working capital purposes, not least in support of their buyback policies, which sustain the secondary market in the Shares, and to provide a larger capital base over which to spread the fixed costs of the Companies. <p>The net proceeds of the Offers, assuming a £30 million subscription (with the over-allotment facility fully utilised) and the maximum initial charge, will be £28.35 million. On these assumptions and assuming a split of subscription monies as to 60% to Octopus AIM and 40% to Octopus AIM 2, the net proceeds will be £17.01 million and £11.34 million for Octopus AIM and Octopus AIM 2, respectively.</p> <p>The Offers are not subject to an underwriting agreement.</p> <p>No conflict of interest is material to the Offers.</p> |

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 either of the Companies' business, financial condition or results of operations. The risks and uncertainties described below are the only known material risks which the Companies or their Shareholders will face. Further risks, unknown by the Companies, may exist. Any decision to invest under the Offers should be based on consideration of this document as a whole.

Risk factors relating to the Companies

The value of a venture capital trust depends on the performance of the underlying assets. 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 Companies invest, 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.

In recent years consecutive economic shocks, resulting from the Coronavirus (COVID19) pandemic, the Russian invasion of Ukraine and conflict in the Middle East have caused increased geopolitical and economic uncertainty resulting in high levels of inflation. The associated policy responses by the Bank of England and other global central banks to increase interest rates reduced expectations for global economic growth and led to a short shallow technical recession in the UK. Reduced economic activity is likely to reduce corporate profitability in the short term and cause falls in the valuation of growth companies whose value is sensitive to higher interest rates. In August 2024 the Bank of England introduced its first rate cut since 2020 evidencing signs of an improving economic environment, however Central Banks are likely to be cautious in reducing interest rates too quickly, conscious that falling interest rates might also add to enhanced inflationary pressure. Such conditions present significant challenges and may adversely affect the performance of companies in which the Companies may invest, which in turn may adversely affect the performance of the Companies. This may also negatively impact the number or quality of investment opportunities available to the Companies.

Despite a falling inflation rate in the first half of 2024, it is anticipated that higher costs of living will continue to put pressure on customers and businesses in the near term with inflation still exceeding the Bank of England's target rate of 2%. Any change in government and/or of governmental, economic, fiscal, monetary or political policy, in particular government spending reviews and political party policies may affect levels of unemployment, stock market volatility, consumer confidence and interests rates. This may have an adverse effect on the Companies' portfolio companies and, potentially, their value and have a negative impact on the net asset value of the Companies, which in turn may have an adverse effect on the future investment returns of the Companies and the market value of the Shares.

The Companies' 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 Companies, which may adversely affect the performance of the Companies and the returns to investors.

The new Labour Government has announced that an autumn budget will be held on 30 October 2024. A significant change in governmental, economic, fiscal, monetary or political policy, in particular government spending reviews and cuts, could materially affect directly or indirectly, the operation of the Companies and/or the performance of the Companies (as affected by the share price performance of the companies in which the Companies invest).

Investments in AIM traded, Aquis Stock Exchange traded and unquoted companies, such as those in which the Companies invest, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. The spread between the buying and selling price of such AIM traded or Aquis Stock Exchange shares may be wide and thus the price used for valuation may not be achievable. Such investments may also be highly volatile and, therefore, be exposed to losses if realisation is required when falls in value have been experienced. As a result, the Companies may be subject to substantial losses in relation to their investments into both AIM or Stock Exchange traded companies. In addition, small companies often have limited product lines, markets or financial resources and 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.

The Companies will only pay dividends on Shares to the extent that they have distributable reserves and cash available for that purpose. A reduction in income received, or in capital gains realised, from the Companies' investments may adversely affect the dividends payable to Shareholders. Accordingly, there is no certainty as to the level of dividends (if any) that may be paid to investors.

The Finance Act 2014 amended 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 capital 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 Companies to fund dividends and share buybacks.

The VCT rules include a maximum age limit for investments (generally seven years from first commercial sale, or ten years for Knowledge Intensive Companies), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for Knowledge Intensive Companies). Companies receiving VCT funds are not permitted to use those funds to acquire shares, businesses or certain intangible assets. The Finance Act 2018 introduced a "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk. The Companies may not make any prohibited non-qualifying investments, including those which breach the "risk-to-capital" condition, and the potential penalty for contravention of these rules can include loss of VCT status with a resultant clawback of VCT tax reliefs from investors. Due to HMRC's financial health requirement, VCTs may not be able to follow-on investments in portfolio companies which are more than seven years old and if their accumulated losses exceed half of the subscribed share capital. This may mean that there are fewer opportunities for investment and that the Companies may not be able to provide further investment funds for companies already in their portfolios. HMRC have stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if the breach was outside the control of the VCT and if reasonable steps have been taken to ensure that an investment is qualifying. However, HMRC may require rectification of the breach, which may mean the VCT is forced to dispose of the investment at a loss.

Whilst it is the intention of the Boards that the Companies will continue to be managed so as to qualify as VCTs, 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 Companies lose their VCT status, dividends and gains arising on the disposal of New Shares in the Companies would become subject to tax and the Companies would also lose their exemption from corporation tax on capital gains.

The Articles state that at the annual general meetings of Octopus AIM and Octopus AIM 2 to be held in 2025 and 2026 respectively, and, if that Company has not then been wound up, at each fifth annual general meeting thereafter, the Directors shall procure that an ordinary resolution will be proposed to the effect that the relevant Company shall continue as a venture capital trust. If the resolution is not passed, the Board of the relevant Company shall within four months of such meeting convene a general meeting of that Company at which a special resolution for the re-organisation or reconstruction of that Company and/or a special resolution requiring that Company to be wound up voluntarily shall be proposed. If neither of the special resolutions is passed, the Company shall continue as a venture capital trust. This could result in the Shareholders of that Company losing the tax reliefs available for VCT shares.

Despite the requirement for an AIM traded company to have a designated nominated adviser ("NOMAD") at all times, an investment into AIM companies is of a high risk nature. For an AIM company, there is no minimum market capitalisation, no minimum number of shares in public hands and no trading record requirements. Admission documents issued by AIM companies are not subject to the review and approval of the FCA. The failure or underperformance of any AIM company in the Companies' portfolios could have an adverse effect on investor returns.

All qualifying investments made in compliance with the VCT rules involve a higher degree of risk than would investments in larger or longer established businesses and can result in substantial losses for the Companies and, consequently, the value of the Shares.

Risk factors relating to the Shares

There is no certainty that the market price of the 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 Official List and are (or will be) traded on the London Stock Exchange's 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 Companies should, therefore, be considered as a long-term investment.

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. Additionally, buyers of Shares on the secondary market would not benefit from

the initial subscription tax relief so would not be incentivised to buy Shares from existing Shareholders (and would be more incentivised to subscribe for new Shares in order to benefit from such tax reliefs).

Tax relief on subscriptions for shares in a VCT is restricted where an investor has disposed of shares in that VCT (or in a VCT which has merged with that VCT) within six months (before or after) that subscription and where, in the case of a merger taking place after the subscription, it was known at the time of the subscription and sale that the VCTs were intending to merge. Existing Shareholders should be aware that the sale of existing Shares within these periods could, therefore, put their income tax relief relating to the Offers at risk.

The tax rules, or their interpretation, in relation to an investment in the Companies and/or the rates of tax may change during the life of the Companies and may apply retrospectively, which may adversely affect the performance of the Companies.

GENERAL

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, including, without limitation, statements containing the words "targets", "believes", "expects", "estimates", "intends", "may", "plan", "will", "anticipates" and similar expressions (including the negative of those expressions). The Directors consider that the expectations reflected in these statements are reasonable but forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Companies, or industry results, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the risk factors section of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this document are made on the date of this document, and the Companies are not under any obligation to update those forward-looking statements in this document to reflect actual future events or developments. Notwithstanding the foregoing, nothing in this Prospectus shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation. These statements will be updated as and when required by the Prospectus Regulation Rules, the UK Listing Rules and the Disclosure Guidance and Transparency Rules.

GOVERNING LAW

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales.

NON-MAINSTREAM POOLED INVESTMENT STATUS AND UK MiFID LAWS

As the Companies are closed-ended investment companies, the New Shares will be "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the New Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments. The Companies intend to conduct their affairs so that the New Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under the UK MiFID Laws. The Directors consider that the New Shares should be considered "non-complex" for the purposes of the UK MiFID Laws.

WEBSITES

Without limitation, neither the contents of the Companies' or the Manager's website (or any other website referred to in this Prospectus) nor the content of any website accessible from hyperlinks on the Companies' or the Manager's website (or any other website referred to in this Prospectus) is incorporated into, or forms part of this Prospectus.

WITHDRAWAL

The Companies may update the information provided in this Prospectus by means of a supplement if a significant new factor that may affect the evaluation by prospective investors occurs after the publication of this Prospectus or if this Prospectus contains any material mistake or substantial inaccuracy. Any such supplement will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. In the event that the Companies are required to publish a supplement prospectus prior to the final Admission, applicants who have applied for, but not been issued, New Shares under the Offers shall have the right to withdraw their Applications for New Shares made prior to the publication of the supplement prospectus. Such withdrawal must be made within the time limits and in the manner set out in any such supplement prospectus (which shall be at least two clear business days following the publication of the relevant supplement prospectus). If the Application is not withdrawn within the stipulated period, any offer to apply for New Shares under the Offers will remain valid and binding. Applicants who have applied for New Shares via an intermediary should contact the relevant intermediary for details of how to withdraw an Application.

EXPECTED TIMETABLE, OFFER STATISTICS AND COSTS RELATING TO THE OFFERS

Expected Timetable

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| Launch date of the Offers | 23 September 2024 |
| First allotment under the Offer | 29 October 2024 |
| Subsequent allotments under the Offers in the 2024/25 tax year | On or before 5 April 2025 |
| Deadline for receipt of Applications for final allotment in 2024/25 tax year | 5pm on 28 March 2025 |
| Subsequent allotments under the Offers in the 2025/26 tax year | At regular intervals after 5 April 2025 |
| Deadline for receipt of Applications for final allotment in 2025/26 tax year | 5pm on 22 September 2025 |
| Closing date of Offers | 22 September 2025 |

- The first allotment under the Offers is scheduled for the day prior to the 2024 Autumn Budget. Applications and cleared funds for this allotment must be received before 5pm on Friday 25 October 2024.
- Each of the Boards reserves the right to close the Offers in respect of their Company prior to the close of the Offers by the other Company and to accept Applications and issue New Shares at any time prior to 22 September 2025.
- Applications relating to the 2024/25 tax year will be accepted in priority to applications relating to the 2025/26 tax year.
- The Offers will close earlier if fully subscribed.
- The results of the Offers will be announced to the London Stock Exchange through a Regulatory Information Service.
- Dealing is expected to commence in New Shares within ten business days of allotments and share and tax certificates are expected to be dispatched within 14 business days of allotments.

Statistics

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| Costs of Offers* | Up to 5.5% of gross proceeds of Offers |
| Initial adviser charge or intermediary commission** | Up to 4.5% of gross sum invested in the Offers |
| Ongoing adviser charge or annual ongoing charge*** | Up to 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to the investor for up to nine years |

* The initial costs of the Offers (including intermediary commission) are capped at 5.5% of the gross proceeds. Octopus has agreed to indemnify the Companies against the costs of the Offers in excess of this amount. The costs of the Offers are subject to adjustment in relation to applications from investors who are existing shareholders of any VCT which is, or was at any time, managed by Octopus, as referred to on page 11.

** In the case of Applications where advice is received and an ongoing charge is not to be paid, an amount equal to 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to the investor will be deducted from Octopus' annual management fee.

*** Octopus will reduce its annual management fee by this amount.

LETTER FROM THE CHAIRS OF THE COMPANIES

Octopus AIM VCT plc
Octopus AIM VCT 2 plc
6th Floor
33 Holborn
London
EC1N 2HT

23 September 2024

Dear investor,

Since Octopus AIM and Octopus AIM 2 launched in 1997 and 2005, they have grown to net assets (unaudited) of £116 million and £84 million, respectively, as at 31 July 2024. Combined, they represent one of the largest VCT offerings in the market. The Companies are currently supporting around 80 companies on AIM, which in turn are helping to foster growth across the UK and create employment opportunities.

We would like to thank Shareholders for their continued support and welcome new Shareholders who helped us raise the full fundraise of £30 million across the two Companies during last year's combined fundraising.

The Offers

The Companies are seeking to raise £20 million under the combined Offers, with an over-allotment facility of a further £10 million, subject to demand and at the Boards' discretion. The maximum amount that may be raised by Octopus AIM and Octopus AIM 2 are £18 million and £12 million, respectively. The Offers are intended for investors looking to benefit from the growth potential of AIM companies, with the ability to generate tax-free capital growth and dividends from a mature, diversified portfolio of companies. Investors should remember that the value of investments, and any income from them, can fall as well as rise.

Background to the Companies

Octopus AIM and Octopus AIM 2 were established in December 1997 and August 2005, respectively. They invest predominantly in AIM companies in order to provide growth capital for small UK companies and income and long-term capital growth on a tax-free basis for investors.

The Companies have retained their separate identities and have both been managed by the Octopus Quoted Companies Team since 1 August 2008. New Qualifying Investments are usually made by the Companies in proportion to their relative size, depending on the availability of funding and the application of VCT rules and other relevant considerations. This has been the case since 2010 and, as a result, the two portfolios have become increasingly similar over time.

Shareholders in both Companies have been able to benefit from the maturity of the portfolios, and as at 31 July 2024 around 67% of the portfolios were invested in companies which in their last financial year were profitable, with around 50% invested in companies which in their last financial year paid dividends. As at 31 July 2024 Octopus AIM and Octopus AIM 2 had only 8% and 9%, respectively, of their net assets (excluding current assets held for liquidity) invested in companies which are not listed on a public market.

Reflecting their different starting dates, the Companies have different year ends. The advantage for an investor who has Shares in both Companies should be the receipt of tax-free dividends at approximately quarterly intervals.

Economic background and portfolio activity

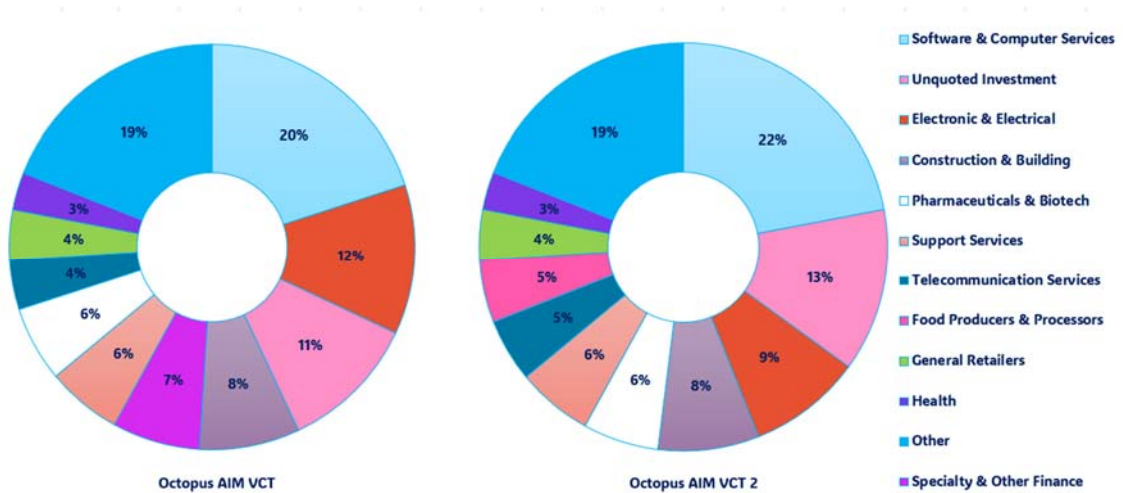
The economic climate over the past few years has been significantly challenging. The rebound in activity in 2021 post the Covid pandemic, combined with the outbreak of war in Ukraine in early 2022 resulted in increased energy costs, disrupted supply chains, and amplified a cost-of-living crisis. All these factors contributed to a significant rise in inflation, forcing central banks to respond by tightening monetary policy and raising interest rates. Against this inconducive backdrop the net asset values of the two Companies fell as growth stocks in general were derated, with small and early stage companies generally the worst affected.

Positively, 2024 has shown early signs of these challenges abating. In June, inflation reached the 2% target set by the Bank of England and was followed by a highly anticipated reduction in interest rates in August, the first reduction since March 2020.

While the change in general market sentiment has been pleasing, we are yet to see a material recovery in the valuations of growth assets such as UK smaller companies. Many of the more established and profitable holdings in the portfolio have been trading at depressed valuations not seen since the last financial crisis despite meeting or exceeding forecast

expectations. The Manager believes there is scope for a significant rerating in valuations once sentiment to growth assets begins to filter through the market.

Throughout the year there have been several partial sales of portfolio companies which crystallised profits, and the full exit of Ergomed, the portfolios' largest holding. Ergomed was 100% acquired by the private equity manager Permira. As a result, both Companies have been able to maintain their long-established regular dividend policies, as well as distributing the exit proceeds of Ergomed as a special dividend. The pie chart below shows the split of the two portfolios by sector at 31 July 2024.



Over the past two years the market has been subdued and which has reduced the number of new companies looking to list on AIM. However, more recently the Manager has seen an increase in activity, and is confident that this will continue over the course of the year. In 2023 VCTs invested £531 million in small private companies and AIM-listed companies¹. In the 12 months to 31 July 2024 the Companies between them completed ten investments totalling £14.4 million into Qualifying Companies.

The investment case for AIM

AIM has been one of the world's most successful markets for fast-growing, innovative and ambitious companies that require capital to reach their full potential. When the London Stock Exchange launched AIM in 1995, it contained just ten companies with a combined market value of £82.2 million. Over 700 companies are now listed on AIM with a combined market value exceeding £76 billion, trading in many countries and operating across many different sectors². In 2019 companies on AIM collectively supported over 430,000 jobs³. In 2023 over £1 billion was raised for existing and new AIM companies and as at 31 August 2024 a further £1 billion has been raised in the current year⁴.

As well as being a good place for smaller companies to gain access to funding to help them grow, AIM remains one of the best places for growing businesses to become quoted public companies. As at July 2024 the average market capitalisation for AIM companies was £110 million and the largest valued in the billions⁵. Over the years, AIM companies have made a significant contribution to the UK economy in terms of job creation, tax revenue and gross domestic product growth. What is often overlooked within AIM is the diversity of companies and sectors that exist on the market, particularly its exposure to the technology and healthcare sectors which account for 15% and 11% of the total market capitalisation of AIM companies, both sectors that the Manager believes have huge growth potential. Research has shown that, over time, smaller companies can significantly outperform larger companies in terms of shareholder returns. It is, however, worth noting that investments in smaller companies can fall or rise in value more sharply than shares in larger, more established companies, something that has been apparent in the more volatile market conditions that we are currently witnessing.

Accessing AIM through a VCT

For those comfortable with the risks of investing in smaller companies, getting exposure to these companies through a VCT can prove attractive. As well as the long-term potential growth of smaller companies, the tax benefits associated with a VCT can further enhance the position for investors. In addition, a larger and more diversified portfolio of companies can provide a higher level of resilience, meaning that if one company fails, the performance of other companies in the portfolio can compensate.

Both Companies now have a proven long-term track record as investment vehicles in the AIM VCT sector. The portfolios are established and meet all VCT qualifying requirements. As at 31 July 2024, each had a spread of around 80 holdings, ranging from established investments in profitable and dividend-paying companies, many of which have matured during the period of each Company's investment, to more recent, earlier stage investments, which are expected by the Manager to start to contribute to performance in the future. Most importantly, we continue to hold these companies for as long as we believe they have the potential to continue growing.

As at 31 July 2024 each Company had approximately 33% of its net assets invested in its top ten equity holdings, of which eight were profitable in their previous financial years.

Tax benefits

VCTs are Government-approved investment vehicles designed to encourage investors to support smaller, higher-risk companies. Qualifying investors are currently entitled to claim several tax incentives on investments up to £200,000 each year. These include income tax relief on the initial cost of the investment as well as tax-free dividends and capital gains. See Part Two of the Prospectus for more details.

The Octopus Quoted Companies Team

The Companies are managed by the Octopus Quoted Companies Team, which includes some of the most experienced AIM-focused fund managers in the market. In the 12 months to 31 July 2024, the team conducted approximately 800 meetings with AIM companies and collectively the team have over 150 years' worth of investment experience with an average tenure of 10 years investing in the smaller companies sector.

The team look to support management teams with the potential to build a bigger business. As well as analysing company financial reports, the team use market forecasts to assess the growth potential of companies and their competitors. When making investments the team maintain a proven, disciplined investment approach, looking for companies that exhibit the following traits:

- Strong management team.
- Healthy balance sheet (sufficient funds to execute their growth plans).
- Niche product or market with growth potential.
- Clear potential for profitability.

Why invest now?

The Manager believes that over the long term smaller companies tend to outperform their larger counterparts and can grow their earnings quicker by taking market share, innovating, and growing their customer base. This is reflected in the significant outperformance of active small cap managers compared to active large cap managers over the last 20 years. The Manager believes the smaller end of the market is relatively under-researched and inefficient, making it possible for active managers, less concerned about the short-term swings in sentiment, to discover good value for the benefit of longer-term investors.

Whilst recent events have impacted small growth company share prices, the trading performance of most of the underlying businesses in the two portfolios has been robust in the year to date, leaving shares looking cheap relative to their long-term averages. The UK market remains at a discount to the US and European markets. Against this backdrop the Manager hopes to be able to make new investments at attractive valuations and for share price recovery in the existing portfolio.

We look forward to welcoming new Shareholders through the Offers, and we would like to thank all our existing Shareholders for their continuing support of the UK's small businesses. As a benefit, the costs of the Offers for existing shareholders of any VCT which is, or was at any time, managed by Octopus will be reduced by 1% as a loyalty discount throughout the fundraising.

Yours sincerely

Neal Ransome
Chair
Octopus AIM VCT plc

Keith Mullins
Chair
Octopus AIM VCT 2 plc

¹ VCTs: market overview, The Association of Investment Companies, April 2024

² London Stock Exchange, AIM statistics, July 2024

³ Grant Thornton report: *Economic impact of AIM*, June 2020

⁴ London Stock Exchange, AIM Primary & Secondary Markets Factsheet, August 2024

⁵ AIM statistics, London Stock Exchange Group, 31 July 2024

PART ONE: KEY FEATURES

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Introduction to the Offers

VCTs were introduced by the UK Government in 1995 to encourage individuals to invest in UK smaller companies. According to the AIC, £882 million was invested in VCTs in the 2023/2024 tax year, the third highest amount since the inception of VCTs and surpassed only by the amounts raised in the previous two tax years.

An investment under the Offers will provide individuals with exposure to a diversified portfolio of AIM-listed smaller companies, with the intention to generate returns over the medium to long term. Each of the Companies will invest in accordance with its investment policy, as set out below. The Companies are seeking to raise, in aggregate, up to £20 million under the Offers with an over-allotment facility of up to a further £10 million, in aggregate. New investors have the option of buying New Shares in one or both of the Companies and can split their investment 60%/40% between Octopus AIM and Octopus AIM 2, or place 100% of their investment into either Company.

As the Companies pay dividends at different times of the year, investing in both Companies offers the potential for investors to receive four dividend payments per year. The minimum investment is £5,000. The minimum investment for investors investing indirectly through a nominee is £500. There is no maximum investment but potential investors should be aware that VCT tax relief is currently only available on a maximum investment of £200,000 in each tax year. Multiple Applications are permitted.

The Offers will remain open until 5pm on 22 September 2025, unless fully subscribed at an earlier date or closed earlier at the discretion of the Boards.

Terms of the Offers

The full Terms and Conditions applicable to the Offers are set out on pages 72 to 77.

Use of funds

The funds raised under the Offers will be used by each of the Companies to make investments in accordance with their respective published investment policies 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 Companies' existing investments.

Intermediary charges

Details are set out in the Terms and Conditions of the Offers on pages 72 to 77.

Investment policy

The investment policy of Octopus AIM is as follows:

The Company's investment policy has been designed and updated to ensure continued compliance with the VCT qualifying conditions. The Board intends that the long-term disposition of the Company's assets will be at least 85% in a portfolio of qualifying AIM and Aquis Stock Exchange traded investments or unquoted companies where the management views an initial public offering (IPO) on AIM or the Aquis Stock Exchange as a short to medium term objective.

The non-qualifying balance (approximately 3.5% of its net assets) will be invested in permitted investments held for short-term liquidity, generally comprising short-term cash or money market deposits with a minimum Moody's long-term debt rating of 'A'. A proportion of the balance could be invested in funds managed by Octopus or other direct equity investments. This provides a reserve of liquidity which should maximise the Company's flexibility as to the timing of investments, disposals, dividend payments and share buybacks.

Risk is spread by investing in a number of different businesses across a range of industry sectors. The maximum amount invested in any one company is limited to the amount permitted pursuant to VCT legislation in a fiscal year and no more than 15% of the Company as measured by HMRC value. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, Shareholders should be aware that the Company's qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability; as a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

The Company's Articles permit borrowings of amounts up to 10% of the adjusted share capital and reserves (as defined in the Company's Articles). However, investments will normally be made using the Company's equity Shareholders' funds and it is not intended that the Company will take on any borrowings.

The investment policy of Octopus AIM 2 is as follows:

The Company's investment policy has been designed to enable it to comply with the VCT qualifying conditions. The Board intends that the long-term disposition of the Company's assets will be not less than 85% in a portfolio of qualifying AIM, Aquis Stock Exchange traded investments or unquoted companies where in the short to medium term, the management is planning an initial public offering (IPO) on AIM or the Aquis Stock Exchange.

The non-qualifying balance will be invested in permitted investments held for short-term liquidity, generally comprising short-term cash or money market deposits with a minimum Moody's long-term debt rating of 'A', authorised funds including those managed by Octopus or directly in equity investments and bonds. This provides a reserve of liquidity which should maximise the Company's flexibility as to the timing of investments, disposals, dividend payments and share buybacks.

Risk is spread by investing in a number of different businesses across a range of industry sectors. The maximum amount invested in any one company is limited to the amount permitted pursuant to VCT legislation in a fiscal year and no more than 15% of the value of its investment at the time of investment. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, Shareholders should be aware that the Company's qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability; as a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

The Company's Articles permit borrowings of amounts up to 10% of the adjusted share capital and reserves (as defined in the Company's Articles). However, investments will normally be made using the Company's equity Shareholders' funds and it is not intended that the Company will take on any borrowings.

No material changes may be made to the Companies' investment policies described above without the prior approval of Shareholders by the passing of an ordinary resolution. The Directors will continually monitor the investment process and ensure compliance with their respective investment policy.

Governance

On a quarterly basis the investment team report to the Octopus Investments ESG Committee (comprised of an Octopus Founder, the CIO and the Impact and Sustainability Director) to review climate-related risks and opportunities that have been identified as being financially material to the management of Octopus AIM and Octopus AIM 2.

Strategy

Octopus AIM and Octopus AIM 2 make investments into a range of sectors but the companies receiving funding are small companies listed on the AIM market. As a result, exposure to climate-related risks is assessed on a deal-by-deal basis and analysis considers the physical impact of climate for businesses where this has been identified as a material risk.

ESG and Long-term responsible investing

The Manager has always invested as a long-term responsible shareholder and supports businesses in the process of improving their corporate governance structure. As part of the investment process, the Manager incorporates a material risk review depending on the exposure of the underlying business where appropriate. These risks span from environmental (emissions, energy management, waste, ecological impact), social (privacy, security, product quality, selling practices), human (labour, health and safety, diversity), business model (product design, supply chain, material sourcing) to leadership (ethics, competitive behaviour, regulatory, critical incidents and risk management). The Manager assesses the exposure and how well the company is managing these material risks. The Manager believes that assessing these factors allows for informed investment analysis and it forms part of the investment strategy. The Manager takes its

duty as a shareholder seriously and acts as a steward of capital. This includes regular engagement with the independent non-executive members of boards.

Conflicts of interest

Octopus has built strong relationships with many of the companies in which the VCTs it manages invest, and sometimes different sources of funding is used to invest in the same companies. This can present 'conflicts of interest', as explained below.

Octopus aims to make sure that the interests of its customers are always looked after. Conflicts of interest are sometimes unavoidable. In the first instance, Octopus looks to prevent them, but if it cannot, it will take action to manage, or mitigate, any effects. Further information on some of the main conflicts is set out below.

Investing alongside other Octopus funds

The Octopus Quoted Companies Team will often invest funds from the Companies along with funds from other Octopus-managed products and sometimes even Octopus itself. In addition, funds from Octopus AIM and Octopus AIM 2 may be invested in other Octopus products.

When could conflicts of interest be harmful to investors?

Sometimes the Companies have what they believe to be a good investment opportunity, but are unable to invest as much money as they would like due to restraints such as the size of a company or the number of shares available. In these instances, the amounts being invested from different Octopus entities must be managed carefully. Similarly, when investments held by a number of different investors come to be sold, the interests of all parties may not be fully aligned. Octopus has agreed policies and processes to make sure that conflicts of interests between different investor groups are managed fairly.

Managing conflicts

The goal of Octopus is to make sure that the interests of its customers are always looked after. So they have a number of controls in place to manage conflicts of interest. These include:

- Octopus' investment committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed;
- in cases where there are a large number of conflicts of interest or they are particularly significant, proposals are reviewed by Octopus' conflicts committee, responsible for ensuring conflicts are handled appropriately;
- as the Companies are publicly listed companies, they both have their own Board of Directors, who are required to act independently and represent Shareholders' best interests at all times, and who are ultimately responsible for ensuring the investment objectives and policies of the Companies are carried out; and
- the NAV of the Companies' investments will be determined by the Manager in accordance with the British Venture Capital Association's ("BVCA") recommendations as set out in the BVCA notes of guidance. The value of investments will be determined on a fair value basis. In the case of quoted securities, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending on convention of the exchange on which the investment is traded. In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines. The valuations team have no investment responsibility and is also independent from a remuneration perspective in that none of the members of the valuations team have their remuneration directly linked to the performance of the Companies. Prior to their review and approval by the Boards, valuations are reviewed by a senior investment professional with adequate experience and are also reviewed and approved by Octopus' valuation committee, which comprises individuals with appropriate expertise and experience in valuations.

Performance history

Both Companies have a strong performance track record and a history of paying a steady stream of tax-free dividends to investors. The table below shows the annual total returns and dividend yields of the Companies over the last five years.

12-month performance over five years

| Year to 31 July | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------------------|-------------------|-------------------|--------|--------------------|
| Octopus AIM VCT NAV Total Return ¹ | 3.6% | 41.7% | -24.7% | -17.6% | -2.2% |
| Octopus AIM VCT 2 NAV Total Return ¹ | 3.6% | 42.2% | -23.8% | -17.2% | -1.1% |
| FTSE AIM All-Share Total Return ² | -3.9% | 42.6% | -25.5% | -15.6% | 4.9% |
| FTSE All-Share Total Return ² | -17.8% | 26.6% | 5.5% | 6.1% | 13.5% |
| Octopus AIM VCT Dividend Yields ³ | 8.9% ⁴ | 8.9% ⁴ | 4.3% | 5.6% | 14.3% ⁴ |
| Octopus AIM VCT 2 Dividend Yields ³ | 10.5% ⁴ | 5.8% | 6.0% ⁴ | 6.4% | 13.7% ⁴ |

The AIM All-Share and FTSE All-Share total return indices are provided for comparison purposes although it should be remembered that venture capital trusts need to invest in newly issued shares, so comparisons with indices are of limited value, even historically.

The value of Shares can fall as well as rise. Past performance is not a reliable indicator of future results and may not be repeated. Please note, the NAV per Share may be higher than the Share price, which is the price you may get for your Shares in the secondary market.

Net asset value (NAV): this is the combined value of all the assets owned by the Company after deducting the value of its liabilities (such as debts and financial obligations).

¹ **NAV total return:** This shows the 12-month performance, including the dividends paid out, for the last five years to 31 July 2024. This is calculated from the movement in the NAV over the period to 31 July with any dividends paid over that period added back. The revised figure is divided by the NAV at the start of that period to get the annual total return. Performance shown is net of all ongoing fees and costs.

² **FTSE AIM and All-Share Total Return:** Performance is shown alongside the total returns of the FTSE AIM and FTSE All-Share indices, which are indicators of activity in the broader UK equity market (source: Lipper). Note that none of these indices are used as benchmarks for the Companies.

³ **Annual dividend yield,** for the purposes of the above table, is calculated by dividing all the dividends for the 12 months to 31 July by the NAV per Share on 31 July of the prior year. For this calculation the record date for each dividend is used, which is the cut-off date by which Shareholders must be on the shareholder register to receive the dividend. Note that depending when a record date falls, some annual dividend calculations include three regular dividends for the year and others include only one.

⁴ Includes special dividend paid following a number of partial and total sales of holdings from the portfolio.

Dividend policy and Dividend Reinvestment Schemes

Octopus AIM intends to pay a minimum annual dividend of 5p per Share or a 5% yield based on the Share price of Octopus AIM at the financial year end, whichever is greater at the time. Dividends will be paid semi-annually. It remains the intention of the Directors of Octopus AIM to continue this policy, subject to available cash and distributable reserves. However, this is not a guarantee, and no projection or forecast is expressed or implied.

Octopus AIM 2 intends to pay a minimum annual dividend of 3.6p per Share or a 5% yield based on the Share price of Octopus AIM 2 at the financial year end, whichever is greater at the time. Dividends will be paid semi-annually. It remains the intention of the Directors of Octopus AIM 2 to continue this policy, subject to available cash and distributable reserves. However, this is not a guarantee, and no projection or forecast is expressed or implied.

The Companies have each adopted a dividend reinvestment scheme (the 'Dividend Reinvestment Schemes') under which Shareholders are given the opportunity to reinvest future dividend payments by way of subscription for new Shares. Subject to a Shareholder's personal circumstances, Shares subscribed for under the Dividend Reinvestment Schemes should obtain the usual VCT tax advantages as set out above.

Investors under the Offers may elect to participate in the Dividend Reinvestment Schemes by completing the dividend reinvestment section of the Application Form, and should be aware that it will apply to their entire holding of New Shares and any existing Shares. Note that Shareholders are unable to amend the dividend preference instructed on the Application Form until share certificates have been issued by the registrar. Once share certificates have been issued, participation in the Dividend Reinvestment Schemes by a Shareholder can be cancelled at any time with written authority from the Shareholder or by calling Octopus on 0800 316 2295.

Buyback policy

The Boards intend to buy back Shares at up to a 5% discount to the last published NAV. The Boards believe this makes an investment in the Companies attractive to both current and future Shareholders. All buybacks are subject to the Companies having sufficient funds available and are at the discretion of the Boards. The discount to NAV is also inclusive of the broker fee charged by Panmure Liberum (the Companies' corporate broker) for facilitating the sale.

The Boards

The Octopus AIM Board and the Octopus AIM 2 Board both comprise of four Directors, all of whom are independent of the Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Companies. The Boards have wide experience of investment in both smaller growing companies and larger quoted companies.

OCTOPUS AIM BOARD

Neal Ransome (Chair)

Neal Ransome is a chartered accountant and was a partner at PwC from 1996 to 2013. He was Chief Operating Officer of PwC's Advisory business and led its Pharmaceutical and Healthcare Corporate Finance practice. Neal was formerly a director of Quercus (General Partner) Limited, a unit trust invested in healthcare properties, and Parity Group Plc, an AIM-listed professional services company. He is currently non-executive chair of Proven VCT Plc, which invests in unquoted companies, and a non-executive director of Polar Capital Global Healthcare Trust Plc. He is also a trustee and director of The Conservation Volunteers, a UK charity dedicated to connecting people and green spaces. Neal became a Director of Octopus AIM in 2016 and was appointed as chair of Octopus AIM in 2021.

Joanne Parfrey

Joanne Parfrey is a chartered accountant and was in private equity with LGV Capital from 2000 to 2011, where she was on the Board of LGV Capital Partners Ltd and a member of the Investment Committee. She previously spent a number of years in corporate finance with the BOC Group plc and Elementis plc. She was formerly a non-executive director of Guy's and St Thomas' Enterprises Limited and Essentia Trading Limited. She is currently audit chair of Henderson International Income Trust plc, a non-executive director of The Worldwide Healthcare Trust plc, the non-executive chair of Babraham Research Campus, audit chair of Start Codon Limited and audit chair of Ieso Digital Health Limited. Joanne became a non-executive Director of Octopus AIM in 2016.

Andrew Boteler

Andrew Boteler is a chartered accountant and was formerly Chief Financial Officer of Gooch & Housego PLC and Finance Director of Riverford Organic Farmers Limited, one of the largest organic fresh food retailers in the UK. In July 2021 Andrew became a non-executive director of LungLife AI, Inc and holds the positions of chair of the audit committee, chair of the remuneration committee and senior independent director. Andrew has over 30 years' experience working in the manufacturing sector, the majority of this being spent in high technology manufacturing companies and more recently in ethical food production. Andrew became a Director of the Company on 19 March 2020 and was appointed chair of the audit committee in 2021.

Louise Nash

Louise Nash was a UK Small and Mid-Cap Fund Manager for 16 years, initially with Cazenove Capital and subsequently with M&G Investments. She is currently a non-executive director and Senior Independent Director at Blackrock Throgmorton Trust plc. In addition, she is involved in the family wine business, Höppler, and provides consultancy services for JLC Investor Relations.

OCTOPUS AIM 2 BOARD

Keith Mullins (Chair)

Keith Mullins joined SG Warburg's investment management division in 1978. The division later developed into Mercury Asset Management and subsequently became Merrill Lynch Investment Managers upon its acquisition by Merrill Lynch in 1998. He therefore has many years' experience as a specialist UK equity fund manager. During this time he was responsible for establishing and managing the team specialising in small and medium-sized pension fund portfolios, and from 2000 he was head of pension fund asset allocation. He left as a managing director of Merrill Lynch Investment Managers in 2001. Keith became a Director of Octopus AIM 2 in 2005.

Andrew Raynor FCA

Andy Raynor is the non-executive Chair of Potter Clarkson LLP, a leading full-service intellectual property law firm based in the UK and Europe. Andy retired from the position of Chief Executive of Shakespeare Martineau LLP in January 2019, an expanding Midlands and London law firm that he led from 2015 through a period of significant growth in turnover and profits. In addition to Potter Clarkson he also has held a portfolio of senior advisory roles in the professional and financial services sector and has held other corporate non-executive roles over many years. Andy joined RSM Tenon Group PLC (“RSM Tenon”) in 2001 after its acquisition of the independent partnership formerly known as BDO Stoy Hayward – East Midlands. Andy led the company to win National Firm of the Year 2011 in the British Accountancy Awards. Prior to joining RSM Tenon, he spent almost 20 years with BDO Stoy Hayward – East Midlands, where he was managing partner. Andy became a Director of the Company on 14 September 2005.

Bradley Ormsby CA

Brad Ormsby has been Chief Financial Officer at Judges Scientific plc, the AIM-listed buy and build scientific instruments group, since 2015. He is a chartered accountant with significant senior financial and operational experience acquired during his time at PwC and Eurovestech plc, a technology venture capital fund. Prior to joining Judges Scientific he was CFO at Kalibrate Technologies plc where he led the company’s IPO onto AIM. Brad became a Director of Octopus AIM 2 on 1 January 2022.

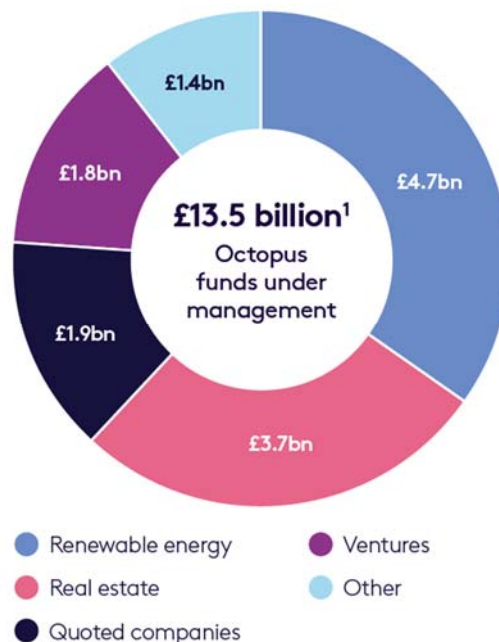
Virginia (Connelly) Bull

Virginia Bull has almost 20 years of PLC Advisory and Corporate Broking experience working with AIM and Main Market companies. Virginia is a nominated adviser to AIM companies. Currently, Virginia is a Director in the Investec Bank plc Corporate Broking team, focused on partnering with Tech and Media companies along their growth journey. Virginia became a Director of the Company on 1 January 2024.

The Manager

Octopus Investments Limited was launched in 2000 by three founders who wanted to create an investment company that put its customers first. As at 31 March 2024 it had more than 750 employees and £13.5 billion in assets under management (Source: Octopus Investments Limited, 31 March 2024). Octopus has tens of thousands of clients and has built market-leading positions in tax-efficient investment, smaller company financing, renewable energy and healthcare. Octopus sees a strong business case for each of these sectors, whether that is investing in dynamic, entrepreneurial companies that have a positive effect on the economy and the people around them, the long-term trend towards renewable energy as a viable alternative to fossil fuels, or providing for an ageing population in need of lifelong care.

Funds under management



¹ Funds Under Management includes funds under advisory mandates, funds monitored and the Octopus Cash service (source: Octopus Investments Limited, 31 March 2024).

Octopus launched its first VCT in 2002 and is now the UK’s largest VCT provider, managing around £1.7 billion of VCT money on behalf of over 44,000 investors (source: Octopus Investments Limited, 30 June 2024).

The Octopus Quoted Companies Team

The Octopus Quoted Companies Team includes some of the most experienced AIM-focused fund managers in the market, totalling over 150 years of investment experience and an average tenure of 10 years. Together, they look after nearly £1.9 billion (source: Octopus Investments Limited, 31 March 2024). The team makes investment decisions based on their considerable knowledge of the market and analysis of the companies themselves, including the company management track record, financial position, growth potential and long-term prospects.

Maintaining a portfolio of companies operating in diverse industries is fundamental to the team's approach to managing risk. They work extensively on AIM investments and have a strong track record of uncovering value in smaller companies. In the 12 months to 31 July 2024, the team conducted approximately 800 meetings with AIM companies to help identify the best investment opportunities.

The Octopus Quoted Companies Team look to invest in small businesses with significant growth potential. In order to achieve this, the team apply the following investment process:

Research – Compared to larger companies, smaller companies are lesser known and under-researched. Undertaking extensive research helps the team to uncover hidden gems with the opportunity for significant long-term returns.

Eligibility – When selecting potential portfolio companies to back, the team must consider which companies will be VCT qualifying. There is an extensive range of criteria to bear in mind which HMRC regularly reviews to ensure that funds are being directed into the right kind of companies.

Portfolio diversity – Investments are spread across a wide range of industries as diverse as building materials, pharmaceuticals and software development. New investors will be invested in existing portfolios of around 80 AIM-listed companies.

Due diligence – Not all smaller companies will be successful. So, before making a decision to invest, the team investigate a broad range of factors including the company's business plan, its management, its growth rate, its profitability (and how quickly this is changing), its valuation relative to its peers and its overall financial strength.

Knowing when to sell – After investment, the team continue to monitor the progress of the companies it has chosen to invest in. Selling profitable investments can help the Companies achieve their aim of paying out regular tax-free dividends to investors.

The Octopus Quoted Companies Team at Octopus comprises:

Freda Isingoma

Freda is the lead manager of the Octopus AIM VCTs. Freda started her career as an investment analyst at Charterhouse CCF before joining Close Brothers in 2001 focused on managing the AIM VCT, inheritance tax and smaller companies portfolios. In 2008 she moved to South Africa to join Investec Asset Management, where she co-managed the Africa Fund (a listed equity portfolio investing across Africa). In 2010 she ventured into entrepreneurship launching a beauty service brand in South Africa, and more recently a UK based art investment business specialising in providing ecosystem impact solutions for the African art market. She joined Octopus in January 2022 and is focused primarily on the AIM VCT portfolios. Freda also provides investment management support across all the Quoted Companies team products.

Kate Tidbury

Kate is a senior fund manager on the Quoted Companies team and has over 35 years' experience within the UK quoted smaller companies market. Kate started her City career in 1986 as a research analyst with Sheppards and Chase followed by Panmure Gordon (now Panmure Liberum). From 1993 she was an Investment Manager responsible for managing ethical and smaller companies' funds with the Co-operative Bank and Colonial First State Investments. In 2000, she joined the AIM team at Close Brothers Group and was involved in the management of multiple AIM portfolios including the AIM VCTs. In 2008, she joined Octopus and is focused primarily on the management of the AIM VCT portfolios. Kate provides investment management support across all the Quoted Companies team products.

Mark Symington

Mark is a fund manager on the Quoted Companies team, focusing predominantly on the Octopus AIM VCTs. Mark joined Octopus in 2012, having worked previously at asset manager Warwick Wealth in South Africa. He graduated from the University of Cape Town in 2010 with a Bcom in Economics and Finance. In addition, Mark provides analytical and investment management support across all the Quoted Companies team products.

Martin Jager

Martin is an Investment Analyst on the Octopus Quoted Companies team, primarily providing analytical and investment

management support across the AIM VCTs as well as assisting on all wider team mandates. He initially joined Octopus in 2021 as a member of the Finance team and is a Chartered Accountant and graduate from the University of Manchester with a degree in International Management with American Business Studies.

Dominic Weller

Dominic is a senior fund manager on the Quoted Companies team. He provides analytical and investment support across all the Quoted Companies team portfolios and co-manages the FP Octopus UK Future Generations Fund, FP Octopus UK Micro Cap Growth Fund, FP Octopus UK Multi Cap Income Fund and the Octopus AIM VCTs. He is a member of the Octopus Investments Responsible Investment Committee and leads the team's stewardship efforts. He is a CFA charterholder.

Richard Power

With overall responsibility for the Quoted Companies team at Octopus, Richard has over 25 years' experience of smaller company investing. He is lead manager of the FP Octopus UK Micro Cap Growth Fund, also oversees the investment process of the team which include the AIM IHT portfolios, and AIM VCTs. Richard is also a co-manager on the FP Octopus UK Multi Cap Income and FP Octopus UK Future Generation Funds. Richard started his career in 1995 at Duncan Lawrie, where he managed a small companies fund. He subsequently joined Close Brothers to manage a smaller companies investment trust before moving to Octopus Investments Limited to head up the Quoted Companies team in 2004. Richard was awarded Trustnet FE fundinfo Alpha Manager status in 2022 acknowledging his proven track record.

Chris McVey

Chris is a Senior Fund Manager within the Octopus Quoted Companies team. He works across all desk portfolios and is lead manager on the FP Octopus UK Multi Cap Income Fund, and a co-manager on the FP Octopus UK Micro Cap Growth and FP Octopus UK Future Generation Funds. He has been a specialist within the quoted UK Smaller Company market for over 20 years. In 2016 he joined Octopus from Citigroup where he led the UK Small and Mid-Cap Equity research team focusing across a variety of sectors. Prior to this he spent almost seven years on the Smaller Companies team at Gartmore Investment Management as an analyst and investment manager. Chris was awarded Trustnet FE fundinfo Alpha Manager status in 2023.

Edward Griffiths

Edward is an experienced portfolio manager, with a City career spanning over 21 years. Having previously worked at Schroders Investment Management Pension Funds and State Street, he joined Octopus Investments in 2004 to launch the Company's AIM Inheritance Tax Service. Edward is involved primarily in the management of the AIM Inheritance Tax Service portfolios for private individuals and provides investment management and trading support across all the Quoted Companies team products.

Jessica Sweeney

Jessica joined Octopus in 2014 having graduated from the University of Liverpool the same year, where she studied International Business. She worked in multiple operations functions across Octopus, before moving to the Quoted Companies team in 2018 to co-manage the AIM Inheritance Tax portfolios. Jessica provides investment and trading support across all the Quoted Companies team mandates.

Charles Lucas

Charles joined Octopus in 2011 from LV= Asset Management, having previously worked in the Personal Pensions and SIPP space for GE Life and LV=. Charles initially joined Octopus as a member of the operations team, later working as a Project Manager for MiFID II. He joined the Quoted Companies team as a Product Development Analyst to enhance trading capabilities and performance analytics.

Ross MacSween

Ross is a Junior Investment Analyst on the Octopus Quoted Companies team, primarily providing analytical and investment management support across the OEIC offerings as well as assisting on all wider team mandates. He is an Accounting and Finance graduate from Edinburgh University and initially joined Octopus in 2022 on a sales and operations rotation programme.

Ben Tyson

Ben is a Product Analyst on the Octopus Quoted Companies team and is focused on strengthening the team's trading capabilities, performance analytics and operational efficiencies. Ben joined Octopus Investments in 2017, as a member of the operations team. He joined from PwC's Investment Management Tax team and previously worked within the Share Dealing and Share Plans businesses at Capita. He joined the Quoted Companies team in December 2023 having moved from the Investment Operations team where he was a Settlements Subject Matter Expert (SME).

Management Remuneration

Full details of the Manager's remuneration are set out in Part Five.

Example Investments – Embracing growth in emerging UK companies

Octopus AIM was launched in 1997 and Octopus AIM 2 in 2005. Both Companies have been making investments alongside each other, in proportion to the relative size of each Company, since 2010. Each benefits from holding a broad spectrum of VCT-qualifying UK smaller companies.

Although new investments remain small enough to qualify for VCT funding, the Companies feature a large number of established, maturing AIM-listed businesses. This means investors immediately benefit from owning established portfolios of around 80 AIM-listed companies, many of which the Companies believe will continue to deliver sales growth and generate profits.

Listed below are the ten largest Qualifying Investments of Octopus AIM as at 31 July 2024.

Octopus AIM VCT

| Investee Company | % of net assets | Date of first investment | Market Cap (£m) | Revenue (£m) | Pre Tax Profit (£m) |
|---------------------------------|-----------------|--------------------------|-----------------|--------------|---------------------|
| Breedon Group plc | 5.3% | 26/08/2010 | 1,483 | 1,488 | 143 |
| Hasgrove plc | 4.9% | 17/11/2008 | 207 | 40 | 11 |
| Judges Scientific plc | 3.4% | 10/05/2012 | 657 | 136 | 13 |
| Learning Technologies Group plc | 2.9% | 13/06/2011 | 570 | 562 | 85 |
| Popsa Holdings Ltd | 2.7% | 23/02/2018 | 51 | 33 | (3) |
| Craneware plc | 2.7% | 19/11/2007 | 812 | 145 | 29 |
| Mattioli Woods plc | 2.7% | 15/11/2005 | 412 | 111 | 27 |
| Brooks Macdonald Group plc | 2.6% | 03/03/2005 | 321 | 124 | 28 |
| IDOX plc | 2.6% | 15/08/2007 | 292 | 73 | 16 |
| GB Group plc | 2.5% | 03/11/2011 | 880 | 277 | 52 |

Market Cap data is at 31 July 2024 for listed companies and 31 July 2024 for private companies (being the closest valuation date), Revenue and Pre-Tax Profit reflect the figures reported in the individual company's last audited year end accounts (source: FactSet).

Listed below are the ten largest Qualifying Investments of Octopus AIM 2 as at 31 July 2024.

Octopus AIM VCT 2

| Investee Company | % of net assets | Date of first investment | Market Cap (£m) | Revenue (£m) | Pre Tax Profit (£m) |
|---------------------------------|-----------------|--------------------------|-----------------|--------------|---------------------|
| Hasgrove plc | 6.6% | 17/11/2008 | 207 | 40 | 11 |
| Breedon Group plc | 4.9% | 26/08/2010 | 1,483 | 1,488 | 143 |
| Craneware plc | 4.3% | 19/11/2007 | 812 | 145 | 29 |
| Judges Scientific plc | 3.2% | 05/10/2012 | 657 | 136 | 13 |
| Animalcare Group plc | 2.9% | 18/12/2007 | 171 | 74 | 9 |
| IDOX plc | 2.8% | 15/08/2007 | 292 | 73 | 16 |
| Learning Technologies Group plc | 2.7% | 13/06/2011 | 570 | 562 | 85 |
| Popsa Holdings Ltd | 2.5% | 23/02/2018 | 51 | 33 | (3) |
| Netcall plc | 2.4% | 27/07/2010 | 156 | 36 | 7 |
| GB Group plc | 2.3% | 11/03/2011 | 880 | 277 | 52 |

Market Cap data is at 31 July 2024 for listed companies and 31 July 2024 for private companies (being the closest valuation

date), Revenue and Pre-Tax Profit figures reflect the figures reported in the individual company's last audited year end accounts (source: FactSet).

The Companies have invested in a diverse range of sectors, from building materials and pharmaceuticals to software. Further information about top 10 holdings and select examples of portfolio companies is given below.

Animalcare Group: an international animal health business which operates primarily in the veterinary pharmaceutical and services sectors. The company has a direct commercial presence in seven European countries and exports to around 40 countries in Europe and worldwide.

Breedon Group: supplier of a wide range of materials to the construction industry. Breedon is a leading independent construction materials group, operating in the UK, Ireland and the USA. The company produces cement, aggregates, asphalt, ready mixed concrete, Welsh slate and specialist concrete clay products. The company benefited from a series of acquisitions and now employs 4,450 people with more than 320 operational sites. Breedon's strategy is to continue growing through organic improvement and consolidation of the UK's building materials sector.

Brooks Macdonald: leading provider of investment management services, both in the UK and internationally. It offers a range of investment management services to individuals, pensions funds, institutions, and trusts. The company had £17.6 billion of Funds Under Management as at the 31 December 2023, and operates from 14 offices across the UK and Channel Islands.

Craneware: provider of optimal operational performance systems and services for the US Healthcare industry. The company engages in the provision of software and support services for the healthcare industry, and aims to transform healthcare businesses through its applications and industry-leading team of experts who examine operational, financial, and clinical data to provide valuable insights. The company's services and solutions include patient engagement, charge capture and pricing, claims analysis, revenue recovery and retention, and cost analytics.

Diaceutics: provider of data, data analytics and implementation services that enables the advancement of genetic analysis. Diaceutics provides the world's leading pharmaceutical companies with an end-to-end solution for the launch of precision medicine diagnostics enabled by DXRX – The Diagnostic Network®. The company generates insights from its aggregated testing data through its worldwide laboratory network. This provides real world evidence that informs the decision making of pharmaceutical companies across hundreds of precision medicine projects.

Equipmake: provider of electric power train solutions. The company has the expertise and technology to offer customers the ability to retrofit fossil-fuel based transport solutions into electric ones, and is working on projects in the global automotive, aerospace, marine, construction, and bus markets.

GB Group: leading specialists in identity (ID) verification. Recognised as a global leader, GB Group is a technology specialist in fraud, location and identity data intelligence. Its software helps companies and governments to fight fraud and cybercrime, lower the cost of compliance and improve the experience for onboarding new customers in today's digital economy. GB Group has made acquisitions to gain an international presence and client list, and we expect this strategy to continue.

Hasgrove: provider of digital communication services. The company is the owner of Interact, a software company that provides a range of products and services to improve communication and collaboration within large organisations. The company operates globally with a growing customer base across Europe, North America and Australia.

IDOX: engages in the development and supply of information and knowledge management products and services. It operates through Public Sector Software and Engineering Information segments. The Public Sector Software segment focuses on delivering specialist information management solutions and services to the public sector. The Engineering Information Management is involved in engineering document management and control solutions to asset intensive industry sectors.

Judges Scientific: specialises in the acquisition and development of a portfolio of scientific instrument businesses. The Group's companies are primarily UK based with products sold worldwide to a diverse range of markets including: higher education institutions, manufacturers and regulatory authorities. The Group is made up of over 20 businesses offering the design, manufacture, and sale of highly specialised scientific instruments. It has an excellent track record of delivering

organic and acquisitive growth. Its approach is to bring profitable companies with niche products and established reputations under the Group umbrella and provide the environment in which to thrive and grow.

Learning Technologies Group: a group of businesses who provide innovative learning technology solutions. The company’s businesses are at the forefront of innovation and best practice in the learning technology sector, and have received numerous awards for their exceptional performance. Through its portfolio of brands, the company offers large organisations a new approach to digital learning and talent management. The company benefited from a series of material acquisitions and now has several locations across the UK, Europe, the United States, Asia-Pacific and South America.

Mattioli Woods: one of the UK’s leading integrated wealth and asset management businesses with more than £15 billion assets under management. The company was subject to a bid approach which shareholders subsequently approved and we expect to complete soon.

Netcall: the UK-based enterprise software company is a leading provider of intelligent automation and customer engagement software and helps organisations achieve digital transformation by automating workflows and managing customer interactions to enable significant cost savings and better experiences.

Popsa: developer of consumer mobile applications for printing photos in photobooks and other gifting products. The app is now available in 50 countries around the globe and has been translated into 10 different languages. Popsa is a pioneer in the use of narrow AI technology for the personalised gift market.

Sosandar: one of the fastest growing retailers in the UK focused on the underserved segment of the women’s fashion market for ages 35-64. This year the business made the exciting step of signing leases for its first three stores, two of which we expect to open this year.

Octopus AIM VCTs in numbers

| Octopus AIM VCTs in numbers | | |
|--|--|--|
| <p>c. £873m</p> <p>The average weighted market value of companies in the Octopus AIM VCTs</p> | <p>c. £200m</p> <p>Combined funds under management of Octopus AIM VCT and Octopus AIM VCT 2</p> | <p>c. 800</p> <p>Number of meetings with company management teams annually across our Quoted Companies team</p> |
| <p>c. 67%</p> <p>The proportion of the portfolios by value invested in profitable companies</p> | <p>150+</p> <p>Combines years of investment experience within our Quoted Companies team</p> | <p>c. 50%</p> <p>Proportion of the portfolios by value invested in companies paying dividends</p> |

PART TWO: TAX BENEFITS AND CONSIDERATIONS FOR INVESTORS

The following paragraphs apply to the Companies 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 a 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 Offers and where the New Shares acquired are within the investor's current annual £200,000 limit. The reliefs are not available for investments in excess of £200,000 per tax year.

The Companies have obtained approval as VCTs under Chapter 3 of Part 6 ITA 2007.

The Boards consider that the Companies have conducted their affairs and will continue to do so to enable them to qualify as VCTs.

Tax Position of investors under the Offers

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares and will be dependent on personal circumstance. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will currently only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Qualifying investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

Tax Benefits for VCT investors

1. Income Tax

1.1 Initial income tax relief

An investor can acquire New Shares of up to a maximum of £200,000 under the Offers in each of the 2024/25 and 2025/26 tax years. Each application creates an entitlement to income tax relief of 30% of the amount invested in the tax year. 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 New Shares would have to be held for five years. Tax relief on subscriptions for shares in a VCT is restricted where an investor has disposed of shares in that VCT (or in a VCT which at any time of subscription is intending to merge with the 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 Offers at risk.

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 cost | Tax relief |
|---|----------------|------------|
| Investor unable to claim any tax reliefs | £10,000 | Nil |
| VCT investor able to claim full 30% income tax relief | £7,000 | £3,000 |

1.2 Dividend relief

Dividends paid by a VCT on its ordinary shares are free of income tax where investors acquired their shares within the annual £200,000 limit. 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. Dividends paid from realised profits may be made without loss of VCT status. It is important to note that there may be a cost to re-issue a dividend payment and so it is important for investors to keep their address and bank details up to date.

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 venture capital trust loses its approval within this period. Dividend relief is not available for dividends paid in an accounting period during which the VCT loses its approval.

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 loss of approval occurs more than five years after the issue of the relevant VCT shares.

In addition, relief ceases to be available on any dividend paid in an accounting period during or after which 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

4.1 Obtaining initial tax reliefs

The Companies 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. It is important to note that there may be a cost to replace tax certificates.

4.2 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 Companies, as they may be subject to tax in other jurisdictions as well as in the UK.

5. Other 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.

5.1 Qualification as a VCT

5.1.1 To qualify as a VCT, 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 venture capital trust) 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 the main list of the London Stock Exchange or 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 80%, by value, of the VCT's investments must be represented by shares or securities comprising Qualifying Investments. Funds raised by a further share issue are disregarded in judging whether this condition has been met for accounting periods ending no later than three years after the new issue;
- (vi) at least 30% of funds raised must be invested in Qualifying Investments by the anniversary of the end of the accounting period in which those funds were raised;
- (vii) for funds included in the requirement at (v) above, have at least 70%, by value, of the VCT's Qualifying Investments in "eligible shares", that is 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 (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement);
- (viii) the VCT must not make an investment in a company which causes that company to receive more than £5 million of Risk Finance State Aid investment in the 12 months ended on the date of the investment (£10 million for a Knowledge Intensive Company);
- (ix) the VCT must not return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for those shares occurs;
- (x) no investment can be made by the VCT into a company which causes that company to receive more than

£12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of Risk Finance State Aid investment (including from VCTs) over the company's lifetime. A subsequent acquisition by the company of another company that has previously received State Aid Risk Finance can cause the lifetime limit to be exceeded;

- (xi) no investment can be made by the VCT in a company whose first commercial sale was more than seven years prior to the date of investment, except where previous Risk Finance State Aid investment was received by the company within seven years (ten years for a Knowledge Intensive Company) or where a turnover test is satisfied and the company is using the funds to enter a new product market or new geographic market;
- (xii) no funds received from an investment into a company can be used to acquire another existing business or trade; and
- (xiii) the VCT must not make a non-Qualifying Investment other than those specified in section 274 ITA 2007.

"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 meet a financial health requirement and 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 portfolio 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 portfolio 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 dealing in property, shares, securities, commodities or futures. It also excludes 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 and operating or managing hotels, guest houses, nursing and residential care homes and the generation of electricity from renewable sources from which certain subsidies and incentives are derived. 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. Portfolio companies must have a permanent establishment in the UK. The portfolio company cannot receive more than £5 million (£10 million for a Knowledge Intensive Company) from VCTs or other Risk Finance State Aid investment sources during the 12-month period which ends on the date of the VCT's investment. The portfolio company's gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter. The portfolio company must have fewer than 250 employees or 500 employees in the case of a Knowledge Intensive Company. Neither the VCT nor any other company may control the portfolio company. At least 10% of the VCT's total investment in the portfolio company must be in eligible shares, as described at 5.1.1(vii) above. The company cannot receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of Risk Finance State Aid investment (including from VCTs) over the company's lifetime. The company's first commercial sale must be no more than seven years before the VCT's investment (ten years for a Knowledge Intensive Company) prior to the date of investment, except where previous Risk Finance State Aid was received by the company within the initial seven or ten years or where a turnover test is satisfied and the company is using the funds to enter a new product market or a new geographic market. Funds received from an investment by a VCT cannot be used to acquire another existing business or trade.

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.

- 5.1.2 The risk-to-capital condition introduced in Finance Act 2018 requires that the Qualifying Company has long-term growth plans and that the investment made by the VCT is sufficiently at risk.

5.2 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.

PART THREE: FINANCIAL INFORMATION ON THE COMPANIES

Audited financial information on Octopus AIM is published in the annual report for the year ended 29 February 2024. Audited financial information on Octopus AIM 2 is published in the annual report for the year ended 30 November 2023 and unaudited financial information in the half-yearly reports for the six-month periods ended 31 May 2023 and 31 May 2024.

The annual reports referred to above were audited by BDO LLP of 55 Baker Street, London W1U 7EU and were without qualification and contained no statements under section 498(2) or (3) of the CA 2006.

The annual reports and half-yearly reports referred to above were prepared in accordance with Financial Reporting Standard 102. The annual reports contain a description of the Companies' financial condition, changes in financial condition and results of operation for each relevant financial year and the pages of the annual reports and half-yearly reports referred to below are being incorporated by reference and can be accessed at the following website address:

<https://octopusinvestments.com/our-products/venture-capital-trusts/octopus-aim-vcts/shareholder-information/>

Where only certain parts of a document are incorporated by reference, the non-incorporated parts are either not relevant for an investor or covered elsewhere in the Prospectus.

The Companies and the Directors confirm that the Companies' annual financial statements referred to above have been presented and prepared in a form which is consistent with that which will be adopted in the Companies' next published annual financial statements having regard to accounting standards, policies and legislation applicable to such annual financial statements.

Such information includes the following:

OCTOPUS AIM

| Description | 29 February 2024 Annual Report |
|--|---|
| Balance Sheet | Page 53 |
| Income Statement (or equivalent) | Page 52 |
| Statement showing all changes in equity (or equivalent note) | Page 54 |
| Cash Flow Statement | Page 55 |
| Accounting Policies and Notes | Pages 56-70 |
| Auditor's Report | Pages 45-51 |

OCTOPUS AIM 2

| | 30 November 2023 Annual Report | 31 May 2023 Half Year Report | 31 May 2024 Half Year Report |
|--|---|---|---|
| Description | | | |
| Balance Sheet | Page 51 | Page 15 | Page 15 |
| Income Statement (or equivalent) | Page 50 | Page 14 | Page 14 |
| Statement showing all changes in equity (or equivalent note) | Page 52 | Page 16 | Page 16 |
| Cash Flow Statement | Page 53 | Page 19 | Page 19 |
| Accounting Policies and Notes | Pages 54-69 | Pages 20-23 | Page 20-23 |
| Auditor's Report | Pages 44-49 | n/a | n/a |

Such information also includes operating/financial reviews as follows:

OCTOPUS AIM

| | 29 February 2024 Annual Report |
|-----------------------|---|
| Description | |
| Performance Summary | Page 1 |
| Results and Dividends | Pages 1 and 22 |
| Investment Policy | Page 20 |
| Outlook | Page 3 |
| Manager's Review | Pages 4-15 |
| Portfolio Summary | Pages 9-15 |
| Business Review | Pages 20-24 |
| Valuation Policy | Pages 56-57 and 62-64 |

OCTOPUS AIM 2

| | 30 November 2023 Annual Report | 31 May 2023 Half Year Report | 31 May 2024 Half Year Report |
|-----------------------|---|---|---|
| Description | | | |
| Performance Summary | Page 1 | Page 1 | Page 1 |
| Results and Dividends | Pages 1 and 22 | Page 1 | Page 1 |
| Investment Policy | Page 21 | Page 6 | Page 6 |
| Outlook | Page 3 | Pages 4-5 | Page 5 |
| Manager's Review | Pages 4-16 | Pages 3-5 | Pages 3-5 |
| Portfolio Summary | Pages 8-16 | Pages 7-12 | Pages 7-12 |
| Business Review | Pages 21-24 | n/a | n/a |
| Valuation Policy | Pages 54-55 and 60-62 | n/a | n/a |

The unaudited NAV per Share as at 16 September 2024 was 55.6p and 43.3p for Octopus AIM and Octopus AIM 2, respectively.

PART FOUR: INVESTMENT PORTFOLIO OF THE COMPANIES

The investment portfolio of Octopus AIM is as follows (the valuations being the unaudited valuations, at bid price, as at 31 July 2024 and representing 73.90% of the NAV of Octopus AIM). Revenue and Pre-Tax Profit/Loss figures are based on the consensus forecasts in the market for the current financial year (source: FactSet) with historic figures being used in those instances where none are available.

| Investee Company | Sector | Book cost (£000) | Change in value (£000) | Fair Value (£000) | % of net assets | Unrealised Return | Market cap (£m) | Revenue (£m) | Pre Tax Profit (£m) |
|---------------------------------------|--------------------------------|------------------|------------------------|-------------------|-----------------|-------------------|-----------------|--------------|---------------------|
| Breedon Group plc ** | Construction & Building | 859 | 5,316 | 6,175 | 5.30% | 619% | 1,483 | 1,488 | 143 |
| Hasgrove plc * | Unquoted Investment | 88 | 5,666 | 5,754 | 4.90% | 6439% | 207 | 40 | 11 |
| Judges Scientific plc | Electronic & Electrical | 256 | 3,737 | 3,993 | 3.40% | 1460% | 657 | 136 | 13 |
| Learning Technologies Group plc | Support Services | 1051 | 2,288 | 3,339 | 2.90% | 218% | 570 | 562 | 85 |
| Popsa Holdings Ltd * | Unquoted Investment | 1590 | 1,596 | 3,186 | 2.70% | 100% | 51 | 33 | -3 |
| Craneware plc | Software & Computer Services | 183 | 2,964 | 3,147 | 2.70% | 1620% | 812 | 145 | 29 |
| Mattioli Woods plc | Specialty & Other Finance | 529 | 2,599 | 3,128 | 2.70% | 491% | 412 | 111 | 27 |
| Brooks Macdonald Group plc | Specialty & Other Finance | 746 | 2,287 | 3,033 | 2.60% | 307% | 321 | 124 | 28 |
| IDOX plc | Software & Computer Services | 353 | 2,622 | 2,975 | 2.60% | 743% | 292 | 73 | 16 |
| GB Group plc | Software & Computer Services | 505 | 2,360 | 2,865 | 2.50% | 467% | 880 | 277 | 52 |
| Netcall plc | Telecommunication Services | 308 | 2,445 | 2,753 | 2.40% | 794% | 156 | 36 | 7 |
| Intelligent Ultrasound Group plc | Engineering & Machinery | 2156 | 49 | 2,205 | 1.90% | 2% | 36 | 11 | -3 |
| PCI-Pal plc | Software & Computer Services | 1294 | 909 | 2,203 | 1.90% | 70% | 48 | 15 | -5 |
| Equipmake Holdings plc | Electronic & Electrical | 2121 | 41 | 2,162 | 1.90% | 2% | 48 | 5 | -5 |
| Beeks Financial Cloud Group plc | Software & Computer Services | 450 | 1,676 | 2,126 | 1.80% | 372% | 158 | 22 | 2 |
| Vertu Motors plc | General Retailers | 1265 | 639 | 1,904 | 1.60% | 51% | 240 | 4,720 | 37 |
| Next Fifteen Communications Group plc | Media & Entertainment | 453 | 1,402 | 1,855 | 1.60% | 309% | 860 | 735 | 118 |
| Maxcyte Inc | Pharmaceuticals & Biotech | 1035 | 694 | 1,729 | 1.50% | 67% | 346 | 29 | -35 |
| Diaceutics plc | Pharmaceuticals & Biotech | 930 | 648 | 1,578 | 1.40% | 70% | 110 | 24 | -1 |
| Animalcare Group plc | Food Producers & Processors | 306 | 1,224 | 1,530 | 1.30% | 400% | 171 | 74 | 9 |
| SDI Group plc | Electronic & Electrical | 179 | 1,249 | 1,428 | 1.20% | 698% | 67 | 66 | 8 |
| Pulsar Group plc | Software & Computer Services | 678 | 515 | 1,193 | 1.00% | 76% | 97 | 62 | 1 |
| EKF Diagnostics Holdings plc | Health | 767 | 413 | 1,180 | 1.00% | 54% | 123 | 53 | 6 |
| Abingdon Health plc | Medical Equipment and Services | 1615 | -467 | 1,148 | 1.00% | -29% | 13 | 4 | -4 |
| GENinCode plc | Medical Equipment and Services | 2001 | -876 | 1,125 | 1.00% | -44% | 12 | 2 | -7 |
| Gamma Communications plc | Telecommunication Services | 274 | 789 | 1,063 | 0.90% | 288% | 1,427 | 522 | 84 |

| | | | | | | | | | |
|---------------------------------------|---|------|--------|-------|-------|------|--------|--------|------|
| Itaconix plc | Industrial | 1588 | -529 | 1,059 | 0.90% | -33% | 23 | 6 | -1 |
| Eden Research plc | Industrial | 1620 | -573 | 1,047 | 0.90% | -35% | 23 | 3 | -2 |
| Sosandar plc | General Retailers | 1853 | -827 | 1,026 | 0.90% | -45% | 22 | 46 | - |
| Verici Dx plc | Pharmaceuticals & Biotech | 1552 | -587 | 964 | 0.80% | -38% | 19 | 1 | -7 |
| Nexseq plc | Technology Hardware | 507 | 429 | 936 | 0.80% | 85% | 57 | 92 | 11 |
| Strip Tinning Holdings plc Loan Notes | Electronic & Electrical | 900 | - | 900 | 0.80% | 0% | 8 | 11 | -1 |
| Cambridge Cognition Holdings plc | Health | 1075 | -216 | 859 | 0.70% | -20% | 15 | 14 | -3 |
| Haydale Graphene Industries plc | Chemicals | 1857 | -1,025 | 832 | 0.70% | -55% | 6 | 4 | -7 |
| Gear4music Holdings plc | General Retailers | 529 | 148 | 677 | 0.60% | 28% | 38 | 144 | 1 |
| TPXImpact Holdings plc | Support Services | 979 | -317 | 662 | 0.60% | -32% | 47 | 84 | 2 |
| Oberon Investments Group plc | Investment Banking & Brokerage Services | 864 | -220 | 644 | 0.60% | -25% | 25 | 8 | -3 |
| Cranswick plc | Non-qualifying Investment | 606 | 37 | 643 | 0.60% | 6% | 2,576 | 2,599 | 171 |
| Ricardo | Non-qualifying Investment | 602 | 33 | 635 | 0.50% | 5% | 331 | 445 | 28 |
| Wise | Non-qualifying Investment | 606 | 7 | 613 | 0.50% | 1% | 10,201 | 1,543 | 442 |
| Feedback plc | Software & Computer Services | 1500 | -896 | 604 | 0.50% | -60% | 8 | 1 | -4 |
| GSK plc | Pharmaceuticals & Biotech | 603 | -32 | 571 | 0.50% | -5% | 62,673 | 30,328 | 7540 |
| Ilika | Non-qualifying Investment | 1058 | -509 | 549 | 0.50% | -48% | 45 | - | -6 |
| DP Poland plc | Leisure & Hotels | 1016 | -519 | 497 | 0.40% | -51% | 101 | 45 | -2 |
| Restore plc | Support Services | 256 | 233 | 489 | 0.40% | 91% | 349 | 277 | 30 |
| Gooch & Housego plc | Electronic & Electrical | 422 | 60 | 482 | 0.40% | 14% | 122 | 148 | 10 |
| RWS Holdings plc | Support Services | 143 | 316 | 459 | 0.40% | 221% | 695 | 734 | 120 |
| MyCelx Technologies Corporation | Oil Services | 1470 | -1,014 | 456 | 0.40% | -69% | 13 | 9 | -3 |
| Bytes Technology Group plc | Non-qualifying Investment | 489 | -42 | 447 | 0.40% | -9% | 1,222 | 207 | 66 |
| Mears Group plc | Support Services | 139 | 304 | 443 | 0.40% | 219% | 348 | 1,089 | 47 |
| Advanced Medical Solutions Group plc | Health | 284 | 148 | 432 | 0.40% | 52% | 535 | 126 | 26 |
| Velocity Composites plc | Engineering & Machinery | 799 | -404 | 395 | 0.30% | -51% | 23 | 16 | -3 |
| Creo Medical Group plc | Pharmaceuticals & Biotech | 1471 | -1,118 | 353 | 0.30% | -76% | 109 | 31 | -22 |
| Northcoders Group plc | Software & Computer Services | 380 | -63 | 317 | 0.30% | -17% | 21 | 7 | -1 |
| Alusid Limited * | Unquoted Investment | 300 | - | 300 | 0.30% | 0% | 10 | - | - |
| Crimson Tide plc | Software & Computer Services | 567 | -283 | 284 | 0.20% | -50% | 10 | 6 | -1 |
| JTC plc ** | Non-qualifying Investment | 248 | 36 | 284 | 0.20% | 15% | 1,764 | 257 | 48 |
| Ixico plc | Health | 1046 | -794 | 252 | 0.20% | -76% | 3 | 7 | -1 |
| Roslyn Data Technologies plc | Software & Computer Services | 969 | -759 | 210 | 0.20% | -78% | 2 | 3 | -3 |
| Tan Delta Systems plc | Electronic & Electrical | 453 | -252 | 201 | 0.20% | -56% | 9 | 1 | - |
| Libertine holdings plc | Industrial Engineering | 3000 | -2,805 | 195 | 0.20% | -94% | 2 | 1 | -4 |
| Gelion plc | Electronic & Electrical | 1140 | -951 | 189 | 0.20% | -83% | 35 | - | -6 |

| | | | | | | | | | |
|---|--------------------------------|------|--------|-----|-------|-------|----|-----|----|
| Roslyn Data Technologies plc (convertible loan) | Software & Computer Services | 180 | - | 180 | 0.20% | 0% | 2 | 3 | -3 |
| ENGAGE XR Holdings | Software & Computer Services | 1879 | -1,709 | 170 | 0.10% | -91% | 6 | 3 | -3 |
| KRM22 plc | Software & Computer Services | 681 | -511 | 170 | 0.10% | -75% | 9 | 5 | -3 |
| LungLife AI Inc | Pharmaceuticals & Biotech | 2079 | -1,925 | 154 | 0.10% | -93% | 3 | - | -4 |
| Staffline Group plc | Industrial Support Services | 334 | -192 | 142 | 0.10% | -57% | 57 | 938 | 7 |
| Strip Tinning Holdings plc | Electronic & Electrical | 506 | -397 | 109 | 0.10% | -78% | 8 | 11 | -1 |
| XP Factory plc | Leisure & Hotels | 988 | -882 | 106 | 0.10% | -89% | 26 | 45 | -1 |
| TheraCryf plc | Pharmaceuticals, Biotechnology | 1050 | -952 | 98 | 0.10% | -91% | 3 | - | -3 |
| Enteq technologies plc | Oil Services | 1032 | -960 | 72 | 0.10% | -93% | 5 | - | -1 |
| 1Spatial plc | Support Services | 300 | -235 | 65 | 0.10% | -78% | 77 | 32 | 1 |
| DXS International plc | Software & Computer Services | 300 | -255 | 45 | 0.00% | -85% | 1 | 3 | - |
| Fusion Antibodies plc | Pharmaceuticals & Biotech | 745 | -717 | 28 | 0.00% | -96% | 3 | 3 | -2 |
| Tasty plc | Leisure & Hotels | 516 | -498 | 18 | 0.00% | -97% | 3 | 47 | -2 |
| Genedrive Plc | Pharmaceuticals & Biotech | 217 | -206 | 11 | 0.00% | -95% | 22 | - | -6 |
| Trackwise Designs plc | Electronic & Electrical | 1934 | -1,934 | - | 0.00% | 0% | - | - | - |
| Cloudified Holdings Limited | Software & Computer Services | 900 | -900 | - | 0.00% | 0% | 1 | - | -1 |
| Airnow plc * | Unquoted Investment | 1257 | -1,257 | - | 0.00% | -100% | - | - | - |
| Microsaic Systems plc | Engineering & Machinery | 1384 | -1,384 | - | 0.00% | 0% | - | 2 | -3 |
| Rated People Ltd * | Unquoted Investment | 354 | -354 | - | 0.00% | 0% | - | 10 | -1 |
| ReNeuron Group plc | Pharmaceuticals & Biotech | 1485 | -1,485 | - | 0.00% | -100% | 2 | 1 | -5 |
| Sorted Group Holdings Plc | Software & Computer Services | 763 | -763 | - | 0.00% | -100% | 3 | - | -2 |
| The British Honey Company plc | General Retailers | 1321 | -1,321 | - | 0.00% | 0% | - | - | - |
| The Food Marketplace Ltd * | Retailers | 300 | -300 | - | 0.00% | 0% | - | - | - |
| Eluceda Limited * | Pharmaceuticals & Biotech | 300 | -300 | - | 0.00% | -100% | - | 1 | - |

Since 31 July 2024 Octopus AIM has made £1.2 million investments and £0.1 million disposals.

Unless otherwise stated, all the investments set out above:

- are not quoted on regulated markets for the purpose of the Prospectus Regulation (AIM is not a regulated market for this purpose);
- represent equity investments except in the case of Osirium which include investment through loan stock; and
- are in portfolio companies incorporated in the UK with the exception of:

Cloudified Holdings Limited - British Virgin Islands

ENGAGE XR Holdings plc - Republic of Ireland

JTC plc - Jersey

LungLife AI Inc – USA - USA

MyCelx Technologies Corporation - USA

Breedon Group plc - Jersey

MaxCyte Inc – USA

* Denotes unlisted company

** Denotes company listed on the main market of the London Stock Exchange

Current Asset Investments (unaudited)

| Investee Company | Book cost (£000) | Fair Value (£000) | % of net assets | Unrealised Return over book cost % |
|---------------------------------------|-------------------------|--------------------------|------------------------|---|
| FP Octopus Microcap Growth Fund | 7,518 | 9,233 | 7.9% | 22.8% |
| FP Octopus Multi Cap Income Fund | 4,051 | 5,027 | 4.3% | 24.1% |
| FP Octopus Future Generations Fund | 1,878 | 1,907 | 1.6% | 1.5% |
| JPMorgan Sterling Liquidity Fund | 9,000 | 9,000 | 7.7% | 0.0% |
| BlackRock ICS Sterling Liquidity Fund | 9,046 | 9,046 | 7.8% | 0.0% |
| HSBC Sterling Liquidity Fund | 9,040 | 9,040 | 7.8% | 0.0% |

Since 31 July 2024 there has been no investments or disposals from the current asset investments.

The investment portfolio of Octopus AIM 2 is as follows (the valuations being the unaudited valuations, at bid price, as at 31 July 2024 and representing 72% of the NAV of Octopus AIM 2). Revenue and Pre-Tax Profit/Loss figures are based on the consensus forecasts in the market for the current financial year (source: FactSet) with historic figures being used in those instances where none are available.

| Investee Company | Sector | Book cost (£000) | Movement in valuation (£000) | Fair Value (£000) | % of net assets | Unrealised Return over book cost % | Market cap (£m) | Revenue (£m) | Pre Tax Profit (£m) |
|---------------------------------------|--------------------------------|------------------|------------------------------|-------------------|-----------------|------------------------------------|-----------------|--------------|---------------------|
| Hasgrove plc * | Unquoted Investment | 153 | 5,400 | 5,553 | 6.60% | 3529% | 207 | 40 | 11 |
| Breedon Group plc ** | Construction & Building | 573 | 3,547 | 4,120 | 4.90% | 619% | 1483 | 1488 | 143 |
| Craneware plc | Software & Computer Services | 479 | 3,084 | 3,563 | 4.30% | 644% | 812 | 145 | 29 |
| Judges Scientific plc | Electronic & Electrical | 171 | 2,491 | 2,662 | 3.20% | 1457% | 657 | 136 | 13 |
| Animalcare Group plc | Food Producers & Processors | 824 | 1,609 | 2,433 | 2.90% | 195% | 171 | 74 | 9 |
| IDOX plc | Software & Computer Services | 356 | 2,020 | 2,376 | 2.80% | 567% | 292 | 73 | 16 |
| Learning Technologies Group plc | Support Services | 701 | 1,525 | 2,226 | 2.70% | 218% | 570 | 562 | 85 |
| Popsa Holdings Ltd * | Unquoted Investment | 1060 | 1,064 | 2,124 | 2.50% | 100% | 51 | 33 | -3 |
| Netcall plc | Telecommunication Services | 356 | 1,653 | 2,009 | 2.40% | 464% | 156 | 36 | 7 |
| GB Group plc | Software & Computer Services | 337 | 1,573 | 1,910 | 2.30% | 467% | 880 | 277 | 52 |
| Intelligent Ultrasound Group plc | Engineering & Machinery | 1437 | 33 | 1,470 | 1.80% | 2% | 36 | 11 | -3 |
| PCI-Pal plc | Software & Computer Services | 863 | 606 | 1,469 | 1.80% | 70% | 48 | 15 | -5 |
| Equipmake Holdings plc | Electronic & Electrical | 1414 | 28 | 1,442 | 1.70% | 2% | 48 | 5 | -5 |
| Brooks Macdonald Group plc | Specialty & Other Finance | 610 | 823 | 1,433 | 1.70% | 135% | 321 | 124 | 28 |
| Beeks Financial Cloud Group plc | Software & Computer Services | 302 | 1,121 | 1,423 | 1.70% | 371% | 158 | 22 | 2 |
| Vertu Motors plc | General Retailers | 777 | 560 | 1,337 | 1.60% | 72% | 240 | 4720 | 37 |
| Next Fifteen Communications Group plc | Media & Entertainment | 302 | 935 | 1,237 | 1.50% | 310% | 860 | 735 | 118 |
| Maxcyte Inc | Pharmaceuticals & Biotech | 690 | 463 | 1,153 | 1.40% | 67% | 346 | 29 | -35 |
| Diaceutics plc | Pharmaceuticals & Biotech | 620 | 432 | 1,052 | 1.30% | 70% | 110 | 24 | -1 |
| EKF Diagnostics Holdings plc | Health | 737 | 250 | 987 | 1.20% | 34% | 123 | 53 | 6 |
| Scientific Digital Imaging plc | Technology Hardware | 119 | 833 | 952 | 1.10% | 700% | - | - | - |
| Pulsar Group plc | Software & Computer Services | 501 | 348 | 849 | 1.00% | 69% | 97 | 62 | 1 |
| Abingdon Health plc | Medical Equipment and Services | 1077 | -311 | 766 | 0.90% | -29% | 13 | 4 | -4 |
| GENinCode plc | Medical Equipment and Services | 1334 | -584 | 750 | 0.90% | -44% | 12 | 2 | -7 |
| Gamma Communications plc | Telecommunication Services | 183 | 526 | 709 | 0.80% | 287% | 1427 | 522 | 84 |
| Itaconix plc | Industrial | 1059 | -353 | 706 | 0.80% | -33% | 23 | 6 | -1 |
| Eden Research plc | Industrial | 1080 | -382 | 698 | 0.80% | -35% | 23 | 3 | -2 |
| Sosandar plc | General Retailers | 1235 | -551 | 684 | 0.80% | -45% | 22 | 46 | - |
| Verici Dx plc | Pharmaceuticals & Biotech | 1044 | -397 | 647 | 0.80% | -38% | 19 | 1 | -7 |
| Nexteq plc | Technology Hardware | 338 | 286 | 624 | 0.70% | 85% | 57 | 92 | 11 |

| | | | | | | | | | |
|--|--|------|--------|-----|-------|------|-------|-------|------|
| Strip Tinning Holdings plc Loan Notes | Electronic & Electrical | 600 | - | 600 | 0.70% | 0% | 8 | 11 | -1 |
| Cambridge Cognition Holdings plc | Health | 717 | -145 | 572 | 0.70% | -20% | 15 | 14 | -3 |
| Haydale Graphene Industries plc | Chemicals | 1238 | -683 | 555 | 0.70% | -55% | 6 | 4 | -7 |
| Gear4music Holdings plc | General Retailers | 353 | 98 | 451 | 0.50% | 28% | 38 | 144 | 1 |
| TPXimpact Holdings plc | Support Services | 653 | -212 | 441 | 0.50% | -32% | 47 | 84 | 2 |
| Oberon Investments Group plc | Investment Banking & Brokerage Services | 576 | -147 | 429 | 0.50% | -26% | 25 | 8 | -3 |
| Cranswick plc | Non-qualifying Investment | 404 | 24 | 428 | 0.50% | 6% | 2576 | 2599 | 171 |
| Ricardo | Non-qualifying Investment | 402 | 21 | 423 | 0.50% | 5% | 331 | 445 | 28 |
| WISE | Non-qualifying Investment | 404 | 4 | 408 | 0.50% | 1% | 10201 | 1543 | 442 |
| Feedback plc | Software & Computer Services | 1000 | -597 | 403 | 0.50% | -60% | 8 | 1 | -4 |
| GSK plc | Pharmaceuticals & Biotech | 402 | -21 | 381 | 0.50% | -5% | 62673 | 30328 | 7540 |
| Mattioli Woods plc | Specialty & Other Finance | 101 | 278 | 379 | 0.50% | 275% | 412 | 111 | 27 |
| Ilika plc | Energy | 706 | -340 | 366 | 0.40% | -48% | - | - | - |
| DP Poland plc | Leisure & Hotels | 678 | -347 | 331 | 0.40% | -51% | 101 | 45 | -2 |
| Restore plc | Support Services | 171 | 155 | 326 | 0.40% | 91% | 349 | 277 | 30 |
| Gooch & Housego plc | Electronic & Electrical | 281 | 41 | 322 | 0.40% | 15% | 122 | 148 | 10 |
| RWS Holdings plc | Support Services | 99 | 219 | 318 | 0.40% | 221% | 695 | 734 | 120 |
| MyCelx Technologies Corporation | Oil Services | 980 | -676 | 304 | 0.40% | -69% | 13 | 9 | -3 |
| Bytes Technology Group plc | Non-qualifying Investment | 326 | -28 | 298 | 0.40% | -9% | 1222 | 207 | 66 |
| Advanced Medical Solutions Group plc | Health | 190 | 98 | 288 | 0.30% | 52% | 535 | 126 | 26 |
| Velocity Composites plc | Engineering & Machinery | 533 | -270 | 263 | 0.30% | -51% | 23 | 16 | -3 |
| Creo Medical Group plc | Pharmaceuticals & Biotech | 981 | -746 | 235 | 0.30% | -76% | 109 | 31 | -22 |
| Northcoders Group plc | Software & Computer Services | 253 | -42 | 211 | 0.30% | -17% | 21 | 7 | -1 |
| Alusid Limited * | Unquoted Investment | 200 | - | 200 | 0.20% | 0% | 10 | - | - |
| Crimson Tide plc | Software & Computer Services | 378 | -189 | 189 | 0.20% | -50% | 10 | 6 | -1 |
| JTC plc ** | Non-qualifying Investment | 165 | 24 | 189 | 0.20% | 15% | 1764 | 257 | 48 |
| Ixico plc | Health | 697 | -529 | 168 | 0.20% | -76% | 3 | 7 | -1 |
| Roslyn Data Technologies plc | Software & Computer Services | 646 | -506 | 140 | 0.20% | -78% | 2 | 3 | -3 |
| Tan Delta Systems plc | Electronic & Electrical | 302 | -168 | 134 | 0.20% | -56% | 9 | 1 | - |
| Libertine Holdings plc | Industrial Engineering | 2000 | -1,870 | 130 | 0.20% | -94% | 2 | 1 | -4 |
| Gelion plc | Electronic & Electrical | 760 | -634 | 126 | 0.20% | -83% | 35 | - | -6 |
| Roslyn Data Technologies plc (Loan) | Software & Computer Services | 120 | - | 120 | 0.10% | 0% | - | - | - |
| KRM22 plc | Software & Computer Services | 454 | -341 | 113 | 0.10% | -75% | 9 | 5 | -3 |
| ENGAGE XR Holdings | Software & Computer Services | 1253 | -1,140 | 113 | 0.10% | -91% | 6 | 3 | -3 |
| LungLife AI Inc | Pharmaceuticals & Biotech | 1386 | -1,284 | 102 | 0.10% | -93% | 3 | - | -4 |

| | | | | | | | | | |
|-------------------------------|--------------------------------|------|--------|----|-------|-------|-----|------|----|
| Strip Tinning Holdings plc | Electronic & Electrical | 337 | -264 | 73 | 0.10% | -78% | 8 | 11 | -1 |
| XP Factory PLC | Leisure & Hotels | 659 | -588 | 71 | 0.10% | -89% | 26 | 45 | -1 |
| Mears Group plc | Support Services | 51 | 15 | 66 | 0.10% | 29% | 348 | 1089 | 47 |
| TheraCryf plc | Pharmaceuticals, Biotechnology | 700 | -634 | 66 | 0.10% | -91% | 3 | - | -3 |
| Enteq Upstream plc | Oil Services | 687 | -639 | 48 | 0.10% | -93% | - | - | - |
| 1Spatial plc | Support Services | 200 | -157 | 43 | 0.10% | -79% | 77 | 32 | 1 |
| DXS International plc | Software & Computer Services | 200 | -170 | 30 | 0.00% | -85% | 1 | 3 | - |
| Fusion Antibodies plc | Pharmaceuticals & Biotech | 497 | -479 | 18 | 0.00% | -96% | 3 | 3 | -2 |
| Tasty plc | Leisure & Hotels | 336 | -320 | 16 | 0.00% | -95% | 3 | 47 | -2 |
| Genedrive Plc | Pharmaceuticals & Biotech | 145 | -138 | 7 | 0.00% | -95% | 22 | - | -6 |
| Microsaic Systems plc | Engineering & Machinery | 922 | -922 | - | 0.00% | -100% | - | 2 | -3 |
| Sorted Group Holdings Plc | Software & Computer Services | 509 | -509 | - | 0.00% | -100% | 3 | - | -2 |
| Airnow plc * | Unquoted Investment | 838 | -838 | - | 0.00% | -100% | - | - | - |
| The British Honey Company plc | General Retailers | 880 | -880 | - | 0.00% | -100% | - | - | - |
| Cloudified Holdings Limited | Software & Computer Services | 600 | -600 | - | 0.00% | -100% | 1 | - | -1 |
| Rated People Ltd * | Unquoted Investment | 236 | -236 | - | 0.00% | 0% | - | 10 | -1 |
| ReNeuron Group plc | Pharmaceuticals & Biotech | 990 | -990 | - | 0.00% | 0% | 2 | 1 | -5 |
| Trackwise Designs plc | Electronic & Electrical | 1289 | -1,289 | - | 0.00% | -100% | - | - | - |
| The Food Marketplace Ltd * | Retailers | 200 | -200 | - | 0.00% | -100% | - | - | - |
| Eluceda Limited * | Pharmaceuticals & Biotech | 200 | -200 | - | 0.00% | -100% | - | 1 | - |

Since 31 July 2024 Octopus AIM 2 has made £0.8 million investments and £0.1 million disposals.

Unless otherwise stated, all the investments set out above:

- are not quoted on regulated markets for the purpose of the Prospectus Regulation (AIM is not a regulated market for this purpose);
- represent equity investments except in the case of Osirium which include investment through loan stock; and
- are in portfolio companies incorporated in the UK with the exception of:

Cloudified Holdings Limited - British Virgin Islands

ENGAGE XR Holdings plc - Republic of Ireland

JTC plc - Jersey

LungLife AI Inc – USA - USA

MyCelx Technologies Corporation - USA

Breedon Group plc - Jersey

MaxCyte Inc – USA

* Denotes unlisted company

** Denotes company listed on the main market of the London Stock Exchange

Current Asset Investments (unaudited)

| Investee Company | Book cost (£000) | Fair Value (£000) | % of net assets | Unrealised Return over book cost % |
|---------------------------------------|-----------------------------|------------------------------|------------------------|---|
| FP Octopus Microcap Growth Fund | 5,012 | 6,155 | 7.4% | 22.8% |
| FP Octopus Multi Cap Income Fund | 2,701 | 3,352 | 4.0% | 24.1% |
| FP Octopus Future Generations Fund | 1,252 | 1,271 | 1.5% | 1.5% |
| BlackRock ICS Sterling Liquidity Fund | 3,847 | 3,847 | 4.6% | 0.0% |
| JPMorgan Sterling Liquidity Fund | 3,813 | 3,813 | 4.6% | 0.0% |
| HSBC Sterling Liquidity Fund | 3,842 | 3,842 | 4.6% | 0.0% |

Since 31 July 2024 there has been no investments or disposals from the current asset investments.

PART FIVE: ADDITIONAL INFORMATION ON THE COMPANIES

SECTION A: OCTOPUS AIM

1. INCORPORATION

- 1.1 Octopus AIM was incorporated and registered in England and Wales on 8 December 1997 under the CA 1985 with registered number 03477519 as a public company limited by shares (LEI: 213800C5JHJUQLAFP619).
- 1.2 On 26 January 1998, the Registrar of Companies issued Octopus AIM with a certificate under Section 117 of the CA 1985 entitling it to commence business.
- 1.3 On 21 January 1998 Octopus AIM gave notice pursuant to Section 266(1) of the CA 1985 of its intention to trade as an investment company and on 28 February 2000 gave notice pursuant to Section 266(3) of the CA 1985 that it no longer wished to be an investment company.

2 REGISTERED OFFICE AND PRINCIPAL LEGISLATION

- 2.1 The registered office of Octopus AIM is at 6th Floor, 33 Holborn, London EC1N 2HT, its telephone number is 0800 316 2295 and its website address is: www.octopusinvestments.com. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.
- 2.2 The principal legislation under which Octopus AIM operates and which governs its shares is the CA 2006.

SHARE AND LOAN CAPITAL

- 3.1 On the incorporation of Octopus AIM, two ordinary shares were issued nil paid to the subscribers to the memorandum of Octopus AIM.
- 3.2 The following ordinary and special resolutions were passed at the Octopus AIM annual general meeting held on 18 July 2024:

Ordinary Resolution

- 3.2.1 THAT, in addition to existing authorities, the Directors be and are generally and unconditionally authorised in accordance with s551 of the CA 2006 to exercise all the powers of Octopus AIM to allot Shares in Octopus AIM up to a maximum nominal amount of £404,843 (representing approximately 20% of the Ordinary share capital in issue as at 6 June 2024) such authority to expire at the earlier of the conclusion of Octopus AIM's AGM next following the passing of this resolution and the expiry of 15 months from the passing of this resolution (unless previously renewed, varied or revoked by Octopus AIM in a general meeting) but so that such authority allows Octopus AIM to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority.

Special Resolution

- 3.2.2 THAT, conditional upon the passing of the resolution above and in addition to existing authorities, the Directors of Octopus AIM be and are hereby empowered pursuant to s571 of the CA 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of CA 2006) for cash pursuant to the authority granted by the resolution above as if s561 of CA 2006 did not apply to any such allotments and so that:
 - (a) reference to allotment of equity securities in this resolution shall be construed in accordance with s560(2) of CA 2006; and
 - (b) the power conferred by this resolution shall enable Octopus AIM to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

The power provided by this resolution shall expire on the date falling on the earlier of the conclusion of Octopus AIM's AGM next following the passing of this resolution and 15 months from the date of the passing of this resolution (unless previously renewed, varied or revoked by Octopus AIM in general meeting).

3.3 At the date of this document the issued fully paid share capital of Octopus AIM is:

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|----------------------|
| | | <i>£</i> | <i>No. of Shares</i> |
| Ordinary Shares | 1p | 2,052,256.40 | 205,225,640 |

3.4 The issued fully paid share capital of Octopus AIM immediately after the Offers have closed (assuming (i) the Offers are fully subscribed, including the over-allotment facility, in both Companies with subscriptions split as to 60%/40% as between Octopus AIM and Octopus AIM 2, respectively, and (ii) that 30,560,271 New Shares and 38,216,560 New Shares are issued by Octopus AIM under the Offer at an Offer Price of 58.9p or 47.1p, respectively) will be as follows:

Offer Price
58.9p

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|----------------------|
| | | <i>£</i> | <i>No. of Shares</i> |
| Ordinary Shares | 1p | 2,357,859.11 | 235,785,911 |

Offer Price
47.1p

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|----------------------|
| | | <i>£</i> | <i>No. of Shares</i> |
| Ordinary Shares | 1p | 2,434,422.00 | 243,442,200 |

3.5 Other than the issue of New Shares under the Offers and Shares under its dividend reinvestment scheme, Octopus AIM has no present intention to issue any Shares.

3.6 Octopus AIM does not have in issue any securities not representing share capital.

3.7 The provisions of Section 561(1) of the CA 2006 (to the extent not disapplied pursuant to Sections 570 or 571 of the CA 2006) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in Section 560(1) of the CA 2006) which are, or are to be, paid up in cash and will apply to Octopus AIM, except to the extent disapplied by Octopus AIM in a general meeting. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, Octopus AIM must normally offer Shares to be issued for cash to holders on a pro rata basis.

3.8 The New Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the New Shares not to be held through CREST will be posted to allottees as soon as practicable following allotment of the relevant New Shares. It is important to note that there may be a cost to replace the share certificate. New Shares to be held through CREST will be credited to CREST accounts on their admission to trading. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and otherwise than by a written instrument. Octopus AIM's Articles permit the holding of shares in CREST.

3.9 The ISIN and SEDOL codes of the Octopus AIM New Shares are GB0034202076 and 3420207, respectively.

4. Directors' interests

4.1 As at the date of this document the Directors of Octopus AIM and their immediate families have the following interests in the issued share capital of Octopus AIM:

| Director | No. of Shares | % of Issued Share Capital |
|----------------|---------------|---------------------------|
| Andrew Boteler | 46,921 | Less than 0.1 |
| Louise Nash | 0 | Less than 0.1 |
| Joanne Parfrey | 33,911 | Less than 0.1 |
| Neal Ransome | 63,445 | Less than 0.1 |

- 4.2 Assuming (i) that the Offers are fully subscribed, including the over-allotment facility, in both Companies; and (ii) that 30,560,271 New Shares are issued by Octopus AIM at an Offer Price of 58.9p, the interests of the Directors of Octopus AIM and their immediate families in the issued share capital of Octopus AIM immediately following the Offers will be:

| Director | No. of Shares | % of Issued Share Capital |
|----------------|---------------|---------------------------|
| Andrew Boteler | 46,921 | Less than 0.1 |
| Louise Nash | 16,977 | Less than 0.1 |
| Joanne Parfrey | 33,911 | Less than 0.1 |
| Neal Ransome | 63,445 | Less than 0.1 |

- 4.3 At the date of this document and after the Offers have closed, Octopus AIM is not aware of any person who has or will hold (for the purposes of rule 5 of the Disclosure Guidance and Transparency Rules (“DTR 5”)), directly or indirectly, voting rights representing 3% or more of the issued share capital of Octopus AIM to which voting rights are attached or who does or could, directly or indirectly, jointly or severally, exercise control over Octopus AIM.
- 4.4 The persons, including the Directors of Octopus AIM, referred to in paragraph 4.1 above, do not have voting rights in respect of the share capital of Octopus AIM (issued or to be issued) which differ from any other Shareholder of Octopus AIM.
- 4.5 Octopus AIM and the Directors of Octopus AIM are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of Octopus AIM.
- 4.6 No Director of Octopus AIM has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of Octopus AIM and which were effected by Octopus AIM in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 4.7 In addition to their directorships of Octopus AIM, the Directors of Octopus AIM currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

| Name | Position | Name of company/partnership | Position still held (Y/N) |
|----------------|----------|---|---------------------------|
| Joanne Parfrey | Director | Babraham Research Campus Limited | Y |
| | Director | Guy’s and St Thomas’ Enterprises Limited | N |
| | Director | Lexica Health and Life Sciences Consultancy Limited | N |
| | Director | Start Codon Ltd | Y |
| | Director | Henderson International Income Trust plc | Y |
| | Director | Ieso Digital Health Limited | Y |
| | Director | Garden Glow Limited | N |
| | Director | Worldwide Healthcare Trust plc | Y |

| | | | |
|----------------|----------|---|---|
| Neal Ransome | Director | The Conservation Volunteers | Y |
| | Director | ProVen VCT plc | Y |
| | Director | Polar Capital Global Healthcare Trust plc | Y |
| | Director | PCGH ZDP plc (in liquidation) | N |
| Andrew Boteler | Director | Riverford Organic Farmers Limited | N |
| | Director | LungLife AI, Inc. | Y |
| Louise Nash | Director | A Buyside Perspective Limited | Y |
| | Director | Blackrock Throgmorton Trust plc | Y |

The business address of all the Directors is 6th Floor, 33 Holborn, London EC1N 2HT.

4.8 None of the Directors of Octopus AIM has at any time within the last five years:

4.8.1 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;

4.8.2 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

4.8.3 save as set out in paragraph 4.7 above, been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or

4.8.4 been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.

4.9 There are no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director of Octopus AIM was selected as a member of the administrative, management or supervisory bodies or member of senior management.

4.10 There are no outstanding loans or guarantees provided by Octopus AIM for the benefit of any of its Directors nor are there any loans or any guarantees provided by any of the Directors of Octopus AIM to Octopus AIM.

4.11 The Directors of Octopus AIM and, save as set out under the heading "Conflicts of Interest" in Part One, the Manager and the directors of the Manager do not have (i) any potential conflicts between any duties carried out on behalf of Octopus AIM and their private interests or other duties and (ii) any material potential conflicts of interest as between their duty to Octopus AIM and duties owed by them to third parties and their other interests.

5. DIRECTORS' LETTERS OF APPOINTMENT

Joanne Parfrey and Neal Ransome were appointed as Directors of Octopus AIM on 6 October 2016 pursuant to appointment letters of the same date. Andrew Boteler was appointed as a Director of Octopus AIM on 19 March 2020 pursuant to an appointment letter of the same date. Louise Nash was appointed as a Director of Octopus AIM on 1 July 2024 pursuant to an appointment letter dated 4 June 2024. These Directors' appointments are terminable on three months' notice and no arrangements have been entered into by Octopus AIM entitling the Directors of Octopus AIM to compensation for loss of office nor have amounts been set aside to provide pension, retirement or similar benefits. Pursuant to these letters of appointment, Neal Ransome, as Chair of Octopus AIM, is entitled to annual remuneration of £30,000, Andrew Boteler, as Audit Committee Chair, is entitled to annual remuneration of £27,250, while the annual remuneration receivable by each of Joanne Parfrey and Louise Nash is £24,500. None of the Directors of Octopus AIM has a service contract with Octopus AIM and no such contract is proposed. In respect of the year ended 29 February 2024, Joanne Parfrey received £23,850, Andrew Boteler

received £26,500, Neal Ransome received £29,150 and Stephen Hazell-Smith, who resigned as a director on 18 July 2024, received £23,850. Louise Nash was appointed a director on 1 July 2024 and so did not receive any remuneration in respect of the year ended 29 February 2024.

6. OCTOPUS AIM AND ITS SUBSIDIARIES

Octopus AIM does not have any subsidiaries.

7. OFFER AGREEMENT

An agreement dated 23 September 2024 between Octopus AIM (1), the Directors of Octopus AIM (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM in respect of the Offers and the Manager agreed to use reasonable endeavours to procure subscribers for New Shares under the Offers. Under the agreement the Manager is paid an initial fee of up to 5.5% of the funds received by Octopus AIM under the Offers (such a fee to be reduced in relation to applications from investors who are existing shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to investors who have invested directly into Octopus AIM and not through a financial intermediary for up to nine years, provided the investor continues to hold the New Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager has agreed to discharge all the external costs of advice and Octopus AIM's and its own costs in respect of the Offers. Under this agreement certain warranties have been given by Octopus AIM, the Directors of Octopus AIM and the Manager to Howard Kennedy. Octopus AIM has also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement can be terminated if any material statement in the prospectus relating to the Offers is untrue, any material omission from the Prospectus arises or any material breach of warranty occurs.

8. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Octopus AIM in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by Octopus AIM and which contain any provision under which Octopus AIM has any obligation or entitlement which is, or may be, material to Octopus AIM as at the date of this document:

8.1 The Offer Agreement, details of which are set out in paragraph 7 above.

8.2 An agreement dated 14 September 2023 between Octopus AIM (1), the Directors of Octopus AIM (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM in respect of the 2023 Offers and the Manager agreed to use reasonable endeavours to procure subscribers for Shares under the 2023 Offers. Under the agreement the Manager was paid an initial fee of up to 5.5% of the funds received by Octopus AIM under the 2023 Offers (such a fee to be reduced in relation to applications from investors who are existing, or who were previously, shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of Shares allotted to investors under the 2023 Offers who invested directly into Octopus AIM and not through a financial intermediary for up to nine years, provided the investor continues to hold the Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager agreed to discharge all the external costs of advice and Octopus AIM's and its own costs in respect of the 2023 Offers. Under this agreement certain warranties were given by Octopus AIM, the Directors of Octopus AIM and the Manager to Howard Kennedy. Octopus AIM also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2023 Offers was untrue, any material omission from that prospectus arose or if any material breach of warranty occurred.

8.3 An agreement dated 22 September 2022 between Octopus AIM (1), the Directors of Octopus AIM (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM in respect of the 2022 Offers and the Manager agreed to use reasonable endeavours to procure subscribers for Shares under the 2022 Offers. Under the agreement the Manager was paid an initial fee of up to 5.5% of the funds received by Octopus AIM under the 2022 Offers (such a fee to be reduced in relation to applications from investors who are existing, or who were previously, shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of Shares allotted to investors under the 2022 Offers who invested directly into Octopus AIM and not through a financial intermediary for up to nine years, provided the investor continues to hold the Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager agreed to discharge all the external costs

of advice and Octopus AIM's and its own costs in respect of the 2022 Offers. Under this agreement certain warranties were given by Octopus AIM, the Directors of Octopus AIM and the Manager to Howard Kennedy. Octopus AIM also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2022 Offers was untrue, any material omission from that prospectus arose or if any material breach of warranty occurred.

8.4 An agreement dated 19 August 2021 between Octopus AIM (1), the Directors of Octopus AIM (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM in respect of the 2021 Offers and the Manager agreed to use reasonable endeavours to procure subscribers for Shares under the 2021 Offers. Under the agreement the Manager was paid an initial fee of up to 5.5% of the funds received by Octopus AIM under the 2021 Offers (such a fee to be reduced in relation to applications from investors who are existing, or who were previously, shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of Shares allotted to investors under the 2021 Offers who invested directly into Octopus AIM and not through a financial intermediary for up to nine years, provided the investor continues to hold the Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager agreed to discharge all the external costs of advice and Octopus AIM's and its own costs in respect of the 2021 Offers. Under this agreement certain warranties were given by Octopus AIM, the Directors of Octopus AIM and the Manager to Howard Kennedy. Octopus AIM also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2021 Offers was untrue, any material omission from that prospectus arose or if any material breach of warranty occurred.

8.5 The Directors' letters of appointment, details of which are set out in paragraph 5 above.

8.6 An investment management agreement dated 27 February 2023 between Octopus AIM (1) and the Manager (2), as varied by deeds of variation dated 14 September 2023 and 23 September 2024, pursuant to which the Manager provides certain investment management services and administration and secretarial services to Octopus AIM for a fee payable quarterly in arrears of an amount equivalent to 2% per annum (exclusive of VAT, if any) of the NAV of Octopus AIM (the 'Fee') calculated in accordance with Octopus AIM's normal accounting policies. The Fee is reduced by such amount so that the total of the Fee, the ongoing financial intermediary charges and the notional ongoing financial intermediary charges payable to Octopus by Octopus AIM under the offer for subscription of Octopus AIM that was launched in February 2013, the 2014 Offers, the 2015 Offers, the 2017 Top Up Offers, the 2017 Offers, the 2018 Offers, the 2019 Offers, the 2020 Offers, the 2021 Offers, the 2022 Offers, the 2023 Offers and under the Offers will not exceed 2% of the NAV of Octopus AIM per annum. The agreement is terminable on 12 months' notice by either party subject to earlier termination by either party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by Octopus AIM if it fails to become, or ceases to be, a VCT for tax purposes or where the Manager ceases to be authorised by the FCA. The agreement contains provisions indemnifying the Manager against any liability not due to its default, gross negligence, fraud or breach of FSMA.

Pursuant to the investment management agreement, the Manager shall ensure that all documents of title are lodged in safe custody. For this purpose the Manager shall be entitled to engage a suitable custodian which may be a company which is a holding company of the Manager, any partnership from time to time owning or controlling the Manager, any company owned or controlled by such a partnership and any subsidiary of any such holding company, the Manager or such other company subject to the Manager notifying Octopus AIM forthwith after engaging such a company as custodian and providing all material details of how it is connected to the Manager and that the custodian thereof (if not the Manager) is advised that the documents of title are the property of Octopus AIM. The Manager is the only custodian as at the date of the Prospectus.

9. RELATED PARTY TRANSACTIONS

Save for the offer agreement detailed at paragraph 7 above, the fees paid to the Directors as detailed in paragraph 5 above, the fees paid under the management and administration arrangements detailed in paragraph 8.6 above, the undertakings to subscribe for New Shares under the Offers from Louise Nash, a Director of Octopus AIM, there were no other related party transactions or fees paid by Octopus AIM to a related party during the period from 29 February 2024, the date of its last published audited financial information, to the date of this document.

10. WORKING CAPITAL

Octopus AIM is of the opinion that the working capital of Octopus AIM is sufficient for its present requirements, that is, for at least the period of 12 months from the date of this document.

11. CAPITALISATION AND INDEBTEDNESS

The capitalisation of Octopus AIM as at 31 July 2024 was as follows:

| <u>Shareholders' Equity</u> | £'000s |
|------------------------------------|----------------|
| Called up Equity Share Capital | 2,018 |
| Legal reserves | 18,065 |
| Other reserves | 96,300 |
| Total | 116,383 |

There has been no material change to the capitalisation since 31 July 2024.

Since inception, Octopus AIM has incurred no indebtedness. Octopus AIM has power to borrow under its Articles, details of which are set out in the paragraph entitled "Borrowing Powers" on page 62.

12. LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Octopus AIM is aware) since Octopus AIM's incorporation which may have, or have had in the recent past, a significant effect on Octopus AIM's financial position or profitability.

SECTION B: OCTOPUS AIM 2

1. INCORPORATION

- 1.1 Octopus AIM 2 was incorporated and registered in England and Wales on 4 August 2005 under the CA 1985 with registered number 5528235 as a public company limited by shares (LEI: 213800BW27BKJCI35L17).
- 1.2 On 23 September 2005, the Registrar of Companies issued Octopus AIM 2 with a certificate under Section 117 of the CA 1985 entitling it to commence business.
- 1.2 On 14 September 2005 Octopus AIM 2 gave notice pursuant to Section 266(1) of the CA 1985 of its intention to trade as an investment company and on 16 July 2008 gave notice pursuant to Section 266(3) of the CA 1985 that it no longer wished to be an investment company.

2. REGISTERED OFFICE AND PRINCIPAL LEGISLATION

- 2.1 The registered office of Octopus AIM 2 is at 6th Floor, 33 Holborn, London EC1N 2HT, its telephone number is 0800 316 2295 and its website address is: www.octopusinvestments.com. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.
- 2.2 The principal legislation under which Octopus AIM 2 operates and which governs its shares is the CA 2006.

3. SHARE AND LOAN CAPITAL

- 3.1 On the incorporation of Octopus AIM 2, two ordinary shares were issued nil paid to the subscribers to the memorandum of Octopus AIM 2.
- 3.2 The following ordinary and special resolutions were passed at the Octopus AIM 2 annual general meeting held on 16 May 2024:

Ordinary Resolution

3.2.1 THAT, in addition to existing authorities, the Directors be generally and are generally and unconditionally authorised in accordance with s551 of the CA 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £3,688 (representing approximately 20% of the Ordinary share capital in issue as at 7 March 2024) such authority to expire at the earlier of the conclusion of Octopus AIM 2's AGM next following the passing of this resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously renewed, varied or revoked by Octopus AIM 2 in a general meeting but so that such authority allows Octopus AIM 2 to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority).

Special Resolution

3.2.2 THAT, conditional upon the passing of the resolution above, and in addition to existing authorities, the Directors of Octopus AIM 2 be and are hereby empowered pursuant to s571 of the CA 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of CA 2006) for cash pursuant to the authority referred to in the resolution above as if s561 of CA 2006 did not apply to any such allotments and so that:

- (a) reference to allotment of equity securities in this resolution shall be construed in accordance with s560(2) of CA 2006; and
- (b) the power conferred by this resolution shall enable Octopus AIM 2 to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

The power provided by this resolution shall expire on the date falling 15 months from the date of the passing of this resolution (unless previously renewed, varied or revoked by Octopus AIM 2 in a general meeting).

3.3 At the date of this document the issued fully paid share capital of Octopus AIM 2 is:

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|----------------------|
| | | <i>£</i> | <i>No. of Shares</i> |
| Ordinary Shares | 0.01p | 18,568.79 | 185,687,867 |

3.4 The issued fully paid share capital of Octopus AIM 2 immediately after the Offers have closed (assuming (i) the Offers are fully subscribed, including the over-allotment facility, in both Companies with subscriptions split as to 60%/40% as between Octopus AIM and Octopus AIM 2, respectively, and (ii) that 26,143,790 New Shares and 32,697,547 New Shares are issued by Octopus AIM 2 under the Offer at an Offer Price of 45.9p or 36.7p, respectively) will be as follows:

Offer Price
45.9p

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|----------------------|
| | | <i>£</i> | <i>No. of Shares</i> |
| Ordinary Shares | 0.01p | 21,183.17 | 211,831,657 |

Offer Price
36.7p

| <i>Class of shares</i> | <i>Nominal value</i> | <i>Issued (fully paid)</i> | |
|------------------------|----------------------|----------------------------|----------------------|
| | | <i>£</i> | <i>No. of Shares</i> |
| Ordinary Shares | 0.01p | 21,838.54 | 218,385,414 |

- 3.5 Other than the issue of New Shares under the Offers and Shares under its dividend reinvestment scheme, Octopus AIM 2 has no present intention to issue any Shares.
- 3.6 Octopus AIM 2 does not have in issue any securities not representing share capital.
- 3.7 The provisions of Section 561(1) of the CA 2006 (to the extent not disapplied pursuant to Sections 570 or 571 of the CA 2006) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in Section 560(1) of the CA 2006) which are, or are to be, paid up in cash and will apply to Octopus AIM 2, except to the extent disapplied by Octopus AIM 2 in a general meeting. Subject to certain limited exceptions, unless the approval of Shareholders in a general meeting is obtained, Octopus AIM 2 must normally offer Shares to be issued for cash to holders on a pro rata basis.
- 3.8 The New Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the New Shares not to be held through CREST will be posted to allottees as soon as practicable following allotment of the relevant Shares. It is important to note that there may be a cost to replace the share certificate. New Shares to be held through CREST will be credited to CREST accounts on their admission to trading. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and otherwise than by a written instrument. Octopus AIM 2's Articles permit the holding of shares in CREST.
- 3.9 The ISIN and SEDOL codes of the Octopus AIM 2 New Shares are GB00B0JQZZ80 and B0JQZZ8, respectively.

4. Directors' interests

- 4.1 As at the date of this document the Directors of Octopus AIM 2 and their immediate families have the following interests in the issued share capital of Octopus AIM 2:

| Director | No. of Shares | % of Issued Share Capital |
|--------------------------|---------------|---------------------------|
| Keith Mullins | 416,929 | Less than 0.3 |
| Andrew Raynor | 21,080 | Less than 0.1 |
| Bradley Ormsby | 0 | Less than 0.1 |
| Virginia (Connelly) Bull | 0 | Less than 0.1 |

- 4.2 Assuming (i) the Offers are fully subscribed, including the over-allotment facility, in both Companies and (ii) that 26,143,790 New Shares are issued by Octopus AIM 2 at an Offer Price of 45.9p, the interests of the Directors of Octopus AIM 2 and their immediate families in the issued share capital of Octopus AIM 2 immediately following the Offers will be:

| Director | No. of Shares | % of Issued Share Capital |
|--------------------------|---------------|---------------------------|
| Keith Mullins | 416,929 | Less than 0.2 |
| Andrew Raynor | 21,080 | Less than 0.1 |
| Bradley Ormsby | 0 | Less than 0.1 |
| Virginia (Connelly) Bull | 0 | Less than 0.1 |

- 4.3 At the date of this document and after the Offers have closed, Octopus AIM 2 is not aware of any person who has or will hold (for the purposes of DTR5), directly or indirectly, voting rights representing 3% or more of the issued share capital of Octopus AIM 2 to which voting rights are attached or who does or could, directly or indirectly, jointly or severally, exercise control over Octopus AIM 2.
- 4.4 The persons, including the Directors of Octopus AIM 2 referred to in paragraphs 4.1 above, do not have voting rights in respect of the share capital of Octopus AIM 2 (issued or to be issued) which differ from any other Shareholder of Octopus AIM 2.
- 4.5 Octopus AIM 2 and the Directors of Octopus AIM 2 are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of Octopus AIM 2.
- 4.6 No Director of Octopus AIM 2 has any interest in any transactions which are or were unusual in their nature or

conditions or which are or were significant to the business of Octopus AIM 2 and which were effected by Octopus AIM 2 in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

4.7 In addition to their directorships of Octopus AIM 2, the Directors of Octopus AIM 2 currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

| Name | Position | Name of company/partnership | Position still held (Y/N) |
|--------------------------|-----------------|--|----------------------------------|
| Keith Mullins | Director | Burwood Park Residents Limited | Y |
| | Director | Burwood Park Estates Limited | Y |
| Andrew Raynor | Director | ZED Capital Limited | Y |
| | Director | 21 st Century Law Limited | Y |
| | Director | Bande A Part Limited (dissolved)* | N |
| | Member | 21CL LLP | Y |
| Virginia (Connelly) Bull | Director | 5 Alderbrook Road (Freehold) Limited | N |
| Bradley Ormsby | Director | R.J. Lewis Limited (dissolved) | N |
| | Director | Korvus Technology Ltd | Y |
| | Director | Thermal Hazard Technology Limited | Y |
| | Director | Heath Scientific Company Limited | Y |
| | Director | Moorfield Nanotechnology Limited | Y |
| | Director | Crystallon Limited | Y |
| | Director | Oxford Cryosystems Limited | Y |
| | Director | EWB Solutions Ltd. | Y |
| | Director | Dia-Stron Limited | Y |
| | Director | Cooled Limited | Y |
| | Director | PE. Fiberoptics Limited | Y |
| | Director | Armfield Limited | Y |
| | Director | Armfield Technical Education Company Limited | Y |

| | | |
|----------|------------------------------------|---|
| Director | EM Technologies Limited | Y |
| Director | Stanton Redcroft Limited | Y |
| Director | FTT Scientific Limited | Y |
| Director | Judges Capital Limited | Y |
| Director | Bordeaux Acquisition Limited | Y |
| Director | Deben UK Limited | Y |
| Director | Global Digital Systems Limited | Y |
| Director | Quorum Technologies Limited | Y |
| Director | GDS Instruments Limited | Y |
| Director | UHV Design Limited | Y |
| Director | Aitchee Engineering Limited | Y |
| Director | Polaron Instruments Limited | Y |
| Director | Judges Scientific plc | Y |
| Director | Fire Testing Technology Limited | Y |
| Director | Sircal Instruments (U.K.) Limited | Y |
| Director | Scientifica Ltd | Y |
| Director | Judges Scientific (Dublin) Limited | Y |
| Director | Rockwash Geodata Ltd | Y |
| Director | Spectra-Map Limited | Y |
| Director | Geotek Limited | Y |
| Director | Geotek Coring Limited | Y |
| Director | Geotek Holding Limited | Y |
| Director | Henniker Scientific Limited | Y |
| Director | Spectra-Map Limited | Y |

* In members voluntary liquidation prior to being dissolved

The business address of all the Directors of Octopus AIM 2 is 6th Floor, 33 Holborn, London EC1N 2HT.

4.8 None of the Directors of Octopus AIM 2 has at any time within the last five years:

- 4.8.1 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
- 4.8.2 save as set out in paragraph 4.9 below, been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

- 4.8.3 save as set out in paragraph 4.7 above, been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
- 4.8.4 been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
- 4.9 Andrew Raynor was chief executive officer of RSM Tenon Group plc between 2003 and January 2012. On 13 August 2012 the Accounting and Actuarial Disciplinary Board (AADB) part of the Financial Reporting Council (FRC) announced an investigation into the conduct of certain members of the Institute of Chartered Accountants in England and Wales (ICAEW) and of PricewaterhouseCoopers LLP as auditors of RSM Tenon Group plc in respect of the preparation, approval and audit of certain published financial information relating to RSM Tenon Group PLC in respect of the period to 30 June 2011. The FRC investigation resulted in Mr Raynor receiving a fine and reprimand, and being required to contribute to the FRC's costs. It was noted that the conduct in question was not dishonest, deliberate, lacking in integrity or reckless.
- 4.10 There are no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director of Octopus AIM 2 was selected as a member of the administrative, management or supervisory bodies or member of senior management.
- 4.11 There are no outstanding loans or guarantees provided by Octopus AIM 2 for the benefit of any of the Directors of Octopus AIM 2 nor are there any loans or any guarantees provided by any of the Directors of Octopus AIM 2 to Octopus AIM 2.
- 4.12 The Directors of Octopus AIM 2, and save as set out under the heading "Conflicts of Interest" in Part One, the Manager and the directors of the Manager do not have (i) any potential conflicts between any duties carried out on behalf of Octopus AIM 2 and their private interests or other duties and (ii) any material potential conflicts of interest as between their duty to Octopus AIM 2 and duties owed by them to third parties and their other interests.

5. DIRECTORS' LETTERS OF APPOINTMENT

Keith Mullins and Andrew Raynor were appointed as Directors of Octopus AIM 2 on 14 September 2005 pursuant to appointment letters dated 28 September 2005. Bradley Ormsby was appointed as a Director of Octopus AIM 2 on 1 January 2022 pursuant to an appointment letter of the same date. Virginia (Connelly) Bull was appointed as a Director of Octopus AIM 2 on 1 January 2024 pursuant to an appointment letter dated 29 December 2023. These Directors' appointments are terminable on three months' notice and no arrangements have been entered into by Octopus AIM 2 entitling the Directors of Octopus AIM 2 to compensation for loss of office nor have amounts been set aside to provide pension, retirement or similar benefits. Keith Mullins, as Chair of Octopus AIM 2, is entitled to annual remuneration of £30,250, Andrew Raynor, as Audit Committee Chair, is entitled to annual remuneration of £27,250, while the annual remuneration receivable by Bradley Ormsby and Virginia (Connelly) Bull is £24,750. None of the Directors of Octopus AIM 2 has a service contract with Octopus AIM 2 and no such contract is proposed. In respect of the year ended 30 November 2023, Keith Mullins received £29,104, Andrew Raynor received £26,208, Bradley Ormsby received £23,813 and Elizabeth Kennedy, who retired as a Director on 16 May 2024, received £24,229. Virginia Connelly was appointed a Director on 1 January 2024 and so did not receive any remuneration in respect of the year ended 30 November 2023.

6. OCTOPUS AIM 2 AND ITS SUBSIDIARIES

Octopus AIM 2 does not have any subsidiaries.

7. OFFER AGREEMENT

An agreement dated 23 September 2024 between Octopus AIM 2 (1), the Directors of Octopus AIM 2 (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM 2 in respect of the Offers and the Manager agreed to use reasonable endeavours to procure subscribers for New Shares under the Offers. Under the agreement the Manager is paid an initial fee of up to 5.5% of the funds received by Octopus AIM 2 under the Offers (such a fee to be reduced in relation to applications from investors who are existing shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to investors who have invested directly into Octopus AIM 2 and not through a financial intermediary for up to nine years, provided the investor continues to

hold the New Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager has agreed to discharge all the external costs of advice and Octopus AIM 2's and its own costs in respect of the Offers. Under this agreement certain warranties have been given by Octopus AIM 2, the Directors of Octopus AIM 2 and the Manager to Howard Kennedy. Octopus AIM 2 has also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement can be terminated if any material statement in the prospectus relating to the Offers is untrue, any material omission from the Prospectus arises or any material breach of warranty occurs.

8. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Octopus AIM 2 in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by Octopus AIM 2 and which contain any provision under which Octopus AIM 2 has any obligation or entitlement which is, or may be, material to Octopus AIM 2 as at the date of this document:

- 8.1 The Offer Agreement, details of which are set out in paragraph 7 above.
- 8.2 An agreement dated 14 September 2023 between Octopus AIM 2 (1), the Directors of Octopus AIM 2 (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM 2 in respect of the 2023 Offers and the Manager agreed to use reasonable endeavours to procure subscribers for Shares under the 2023 Offers. Under the agreement the Manager was paid an initial fee of up to 5.5% of the funds received by Octopus AIM 2 under the 2023 Offers (such a fee to be reduced in relation to applications from investors who are existing, or who were previously, shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of Shares allotted to investors under the 2023 Offers who invested directly into Octopus AIM 2 and not through a financial intermediary for up to nine years, provided the investor continues to hold the Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager agreed to discharge all the external costs of advice and Octopus AIM 2's and its own costs in respect of the 2023 Offers. Under this agreement certain warranties were given by Octopus AIM 2, the Directors of Octopus AIM 2 and the Manager to Howard Kennedy. Octopus AIM 2 also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2023 Offers was untrue, any material omission from that prospectus arose or if any material breach of warranty occurred.
- 8.3 An agreement dated 22 September 2022 between Octopus AIM 2 (1), the Directors of Octopus AIM 2 (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM 2 in respect of the 2022 Offers and the Manager agreed to use reasonable endeavours to procure subscribers for Shares under the 2022 Offers. Under the agreement the Manager was paid an initial fee of up to 5.5% of the funds received by Octopus AIM 2 under the 2022 Offers (such a fee to be reduced in relation to applications from investors who are existing, or who were previously, shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of Shares allotted to investors under the 2022 Offers who invested directly into Octopus AIM 2 and not through a financial intermediary for up to nine years, provided the investor continues to hold the Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager agreed to discharge all the external costs of advice and Octopus AIM 2's and its own costs in respect of the 2022 Offers. Under this agreement certain warranties were given by Octopus AIM 2, the Directors of Octopus AIM 2 and the Manager to Howard Kennedy. Octopus AIM 2 also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2022 Offers was untrue, any material omission from that prospectus arose or if any material breach of warranty occurred.
- 8.4 An agreement dated 19 August 2021 between Octopus AIM 2 (1), the Directors of Octopus AIM 2 (2), the Manager (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to Octopus AIM 2 in respect of the 2021 Offers and the Manager agreed to use reasonable endeavours to procure subscribers for Shares under the 2021 Offers. Under the agreement the Manager was paid an initial fee of up to 5.5% of the funds received by Octopus AIM 2 under the 2021 Offers (such a fee to be reduced in relation to applications from investors who are existing, or who were previously, shareholders of any Octopus VCT) and an ongoing fee of 0.5% per annum of the most recently announced NAV multiplied by the number of Shares allotted to investors under the 2021 Offers who invested directly into Octopus AIM 2 and not through a financial intermediary for up to nine years, provided the investor continues to hold the Shares, the cost of this ongoing charge being met through a reduction in the annual management fee of Octopus, and the Manager agreed to discharge all the external costs of advice and Octopus AIM 2's and its own costs in respect of the 2021 Offers. Under this agreement certain

warranties were given by Octopus AIM 2, the Directors of Octopus AIM 2 and the Manager to Howard Kennedy. Octopus AIM 2 also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2021 Offers was untrue, any material omission from that prospectus arose or if any material breach of warranty occurred.

- 8.5 The Directors' letters of appointment, details of which are set out in paragraph 5 above.
- 8.6 An investment management agreement dated 6 October 2005 between Octopus AIM 2 (1) and Close Investment Limited (2), which was novated to the Manager pursuant to a novation agreement dated 29 July 2008 and varied by deeds of variation dated 8 July 2010, 1 February 2013, 29 August 2014, 21 December 2015, 16 June 2017, 3 August 2018, 29 November 2019, 20 August 2020, 19 August 2021, 22 September 2022, 14 September 2023 and 23 September 2024, pursuant to which the Manager provides certain investment management services and administration and secretarial services to Octopus AIM 2 for a fee payable quarterly in arrears of an amount equivalent to 2% per annum (exclusive of VAT, if any) of the NAV of Octopus AIM 2 (the 'Octopus AIM 2 Fee') calculated in accordance with Octopus AIM 2's normal accounting policies. The Octopus AIM 2 Fee is reduced by such amount so that the total of the Octopus AIM 2 Fee, the ongoing financial intermediary charges payable and the additional ongoing charges payable to Octopus by Octopus AIM 2 under the offer for subscription of Octopus AIM 2 that was launched in February 2013, the 2014 Offers, the 2015 Offers, the 2017 Top Up Offers, the 2017 Offers, the 2018 Offers, the 2019 Offers, the 2020 Offers, the 2021 Offers, the 2022 Offers, the 2023 Offers and under the Offers will not exceed 2% of the NAV of Octopus AIM 2 per annum. The agreement is terminable on 12 months' notice by either party subject to earlier termination by either party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by Octopus AIM 2 if it fails to become, or ceases to be, a VCT for tax purposes or where the Manager ceases to be authorised by the FCA. The agreement contains provisions indemnifying the Manager against any liability not due to its default, gross negligence, fraud or breach of FSMA.

Pursuant to the investment management agreement, the Manager shall ensure that all investments are made in the name of Octopus AIM 2 and are registered in the name of Octopus AIM 2 on its behalf and that any investments, documents of title or certificates evidencing title certificate are held by the Manager or delivered to such other custodian or nominee (which may be an associate of the Manager) appointed by Octopus AIM 2 on terms agreed by the Manager, for safekeeping. The Manager is the only custodian as at the date of the Prospectus.

9. RELATED PARTY TRANSACTIONS

Save for the offer agreement detailed at paragraph 7 above, the fees paid to the Directors as detailed in paragraph 5 above and the fees paid under the management and administration arrangements detailed in paragraph 8.6 above, there were no other related party transactions or fees paid by Octopus AIM 2 to a related party during the period from 31 May 2024, the date of its last published unaudited financial information, to the date of this document.

10. WORKING CAPITAL

Octopus AIM 2 is of the opinion that the working capital of Octopus AIM 2 is sufficient for its present requirements, that is, for at least the period of 12 months from the date of this document.

11. CAPITALISATION AND INDEBTEDNESS

- 11.1 The capitalisation of Octopus AIM 2 as at 31 July 2024 was as follows:

| Shareholders' Equity | £'000s |
|--------------------------------|---------------|
| Called up Equity Share Capital | 19 |
| Legal Reserves | 13,804 |
| Other reserves | 69,916 |
| Total | 83,739 |

There has been no material change to the capitalisation since 31 July 2024.

- 11.2 Since inception, Octopus AIM 2 has incurred no indebtedness. Octopus AIM 2 has power to borrow under its Articles, details of which are set out in the paragraph entitled "Borrowing Powers" on page 62.

12. LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Octopus AIM 2 is aware) since Octopus AIM 2's incorporation which may have, or have had in the recent past, a significant effect on Octopus AIM 2's financial position or profitability.

SECTION C

THE COMPANIES

1. ARTICLES OF ASSOCIATION

The Articles of each of the Companies contain, inter alia, the following provisions.

1.1. Voting Rights

Subject to any disenfranchisement as provided in paragraph 1.4 below the Shares shall carry the right to receive notice of or to attend or vote at any general meeting of the Company and on a show of hands every holder of Shares present in person (or being a corporation, present by authorised representative) shall have one vote and, on a poll, every holder of ordinary shares who is present in person or by proxy shall have one vote for every Share of which he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

1.2 Transfer of Shares

The Shares are in registered form and will be freely transferable free of all liens. All transfers of Shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a Share shall be executed by or on behalf of the transferor and, in the case of a partly paid Share by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid Share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless:

- (i) it is duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) it is in respect of only one class of share; and
- (iii) the transferees do not exceed four in number.

1.3 Dividends

The Company may in general meeting by ordinary resolution declare dividends to be paid to members in accordance with the Articles, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against the Company. There are no fixed dates on which entitlement to a dividend arises. All dividends unclaimed for a period of 12 years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

The Shares shall entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the Shares and from income received and accrued which is attributable to the Shares.

The Directors may, with the prior sanction of an ordinary resolution of the Company, offer Shareholders the right to elect to receive in respect of all or part of their holding of Shares, additional Shares credited as fully paid instead of cash in respect of all or part of such dividend or dividends and (subject as hereinafter provided) upon such terms and conditions and in such manner as may be specified in such ordinary resolution. The ordinary resolution shall confer the said power on the Directors in respect of all or part of a particular dividend or in respect of all or any dividends (or any part of such dividends) declared or paid within a specified period but such period may not end later than the date of the annual general meeting next following the date of the general meeting at which such ordinary resolution is passed.

1.4 Disclosure of Interest in Shares

If any Shareholder or other person appearing to be interested in Shares is in default in supplying within 14 days after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in Section 793 of the CA 2006, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant Shares.

The restrictions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant Shares and additionally in the case of a Shareholder representing at least 0.25% by nominal value of any class of Shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant Shares.

1.5 Distribution of Assets on Liquidation

On a winding up any surplus assets will be divided amongst the holders of each class of shares in the Company according to the respective numbers of shares held by them and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges.

The Articles provide that the liquidator may, with the sanction of a special resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

1.6 Changes in Share Capital

- (i) Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the Act, the Company may issue shares, which are, or at the option of the Company or the holder are, liable to be redeemed.
- (ii) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares or any of them into shares of smaller amounts, or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.
- (iii) Subject to the CA 2006, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act, purchase its own shares.
- (iv) The Company may by ordinary resolution convert any fully paid up shares into stock of the same class as the shares which shall be so converted, and reconvert such stock into fully paid up shares of the same class and of any denomination.

1.7 Variation of Rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the nominal amount of the issued shares of the class or with the sanction of a resolution passed at a separate meeting of such holders.

1.8 Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall not be fewer than two nor more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be fewer than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or additional Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment.

Any Director may in writing under his hand appoint (a) any other Director, or (b) any other person who is approved by the Board as hereinafter provided, to be his alternate. A Director may at any time revoke the appointment of an alternate appointed by him. Every person acting as an alternate Director of the Company shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him.

Subject to the provisions of the Statutes (as defined in the Company's articles of association), the Directors may from time to time appoint one or more of their body to be managing director or joint managing directors of the Company or to hold such other executive office in relation to the management of the business of the Company as they may decide.

A Director may continue or become a Director or other officer, servant or member of any company promoted by the Company or in which they may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any remuneration or other benefits derived as Director or other officer, servant or member of such company.

The Directors may from time to time appoint a chair of the Company (who need not be a Director of the Company) and may determine his duties and remuneration and the period for which he is to hold office.

The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality, whether at home or abroad, in such manner as they think fit.

1.9 Directors' Interests

1.9.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Act, the nature of his interest.

1.9.2. Provided that he has declared his interest in accordance with paragraph 1.9.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.

1.9.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through the Company, unless his interest arises only because the case falls within one or more of the following paragraphs:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;

- (d) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
- (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and
- (f) any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a Director, officer or auditor.

1.9.4 When proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

1.10 Remuneration of Directors

1.10.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees, shall not exceed £125,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors may also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

1.10.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.

1.10.3 The emoluments and benefits of any executive Director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

1.11 Retirement of Directors

At the annual general meeting of the Company next following the appointment of a Director he shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or re-appointed despite having attained any particular age and shall not be required to retire by reason of his having attained any particular age, subject to the provisions of the Act.

1.12 Borrowing Powers

Subject as provided below, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Company's articles permit borrowings of amounts up to 10% of the sum equal to the aggregate of the amount paid up on the allotted or issued share capital of the Company and the amount standing to the credit of the capital and revenue reserves of the Company (whether or not distributable) after adding thereto or deducting there from any balance to the credit or debit of the profit and loss account.

1.13 Distribution of Realised Capital Profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the

Registrar of Companies of its intention to carry on business as an investment company (“a Relevant Period”) the distribution of the Company’s capital profits shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Act, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment or other dealing with investments, or other capital losses, and, subject to the Act, any expenses, loss or liability (or provision therefor) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or applied in paying dividends on any shares in the Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or applied in paying dividends on any shares in the Company.

1.14 Duration of the Company

At the annual general meeting of the Company in 2025 in the case of Octopus AIM and 2026 in the case of Octopus AIM 2 and, if the Company has not then been wound up, at each fifth annual general meeting thereafter, the Directors shall procure that an ordinary resolution will be proposed to the effect that the Company shall continue as a venture capital trust. If the resolution is not passed, the Board shall within four months of such meeting convene a general meeting of the Company at which a special resolution for the re-organisation or reconstruction of the Company and/or a special resolution requiring the Company to be wound up voluntarily shall be proposed. If neither of the resolutions is passed, the Company shall continue as a venture capital trust.

1.15 General Meetings

The Directors may, whenever they think fit, convene a general meeting of the Company. If within 15 minutes (or such longer time not exceeding one hour as the chair of the meeting may decide to wait) from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved and, in any other case, shall stand adjourned to such day (being not less than ten clear days) and at such time and place as the Board may determine. If at any such adjourned meeting a quorum is not present within 15 minutes from the time appointed for the meeting, a member present in person or by proxy and entitled to vote shall be a quorum. The Articles allow meetings of the Companies to take place, if necessary, by electronic means and at more than one location.

The chair may, with the consent of the meeting (and shall, if so directed by the meeting) adjourn any meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

2. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Companies’ Articles are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertificated Securities Regulations 2001. The New Shares have been made eligible for settlement in CREST.

3. SPECIFIC DISCLOSURES IN RESPECT OF CLOSED-ENDED FUNDS

3.1 The Manager intends to use the proceeds of the Offers in accordance with the Companies’ objectives of spreading investment risk and in accordance with each Company’s investment policy. This investment policy is in line with the VCT rules and each Company will not deviate from it without Shareholder approval. Further, in accordance with the VCT rules, the Companies will invest in ordinary shares, in some cases a small number of preference shares where applicable, and always in accordance with such rules.

3.2 The Companies are authorised and regulated by the FCA as small registered UK alternative investment fund managers and also need, as VCTs, to meet a number of conditions set out in tax legislation in order for the VCT tax reliefs to apply and comply with the rules and regulations of the FCA. The Companies have delegated their

portfolio management to the Manager, which carries out the portfolio management within the remit of its MiFID permissions.

- 3.3 The Companies are governed by the VCT rules in respect of the investments they make as described in Part Two of this document. The Companies have appointed Shoosmiths LLP of Apex Plaza, Forbury Road Reading RG1 1SH (“Shoosmiths”) as their VCT status monitor. Shoosmiths will report to the Companies as a part of its annual reporting obligations. In respect of any breach of the VCT rules, the Companies, together with Shoosmiths, will report directly and immediately to HMRC to rectify the breach and announce the same immediately to the Companies’ Shareholders through a Regulatory Information Service. Tax legislation of an investor’s member state may have an impact on the income received from the New Shares.
- 3.4 The Companies will not invest more than 15% of their gross assets in any single company, in accordance with the VCT legislation, nor will the Companies control the companies in which they invest in such a way as to render them subsidiary undertakings.
- 3.5 The Companies will not conduct any trading activity which is significant in the context of their group (if any) as a whole. No more than 10%, in aggregate, of the value of the total assets of the Companies at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds themselves have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds.
- 3.6 The Boards must be able to demonstrate that they will act independently of the Manager. A majority of each of the Boards (including the Chairs) must not be directors, employees, partners, officers or professional advisers of, or to, the Manager or any company in the Manager’s group or any other investment entity which they manage.
- 3.7 The Companies will not invest directly in physical commodities.
- 3.8 The Companies will not invest in any property collective investment undertaking.
- 3.9 Other than as provided for under their investment policies, the Companies will not invest in any derivatives, financial instruments, money market instruments or currencies other than for the purposes of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of the collective investment undertaking, including any technique or instrument used to provide protection against exchange and credit risks).
- 3.10 The Manager is responsible for the determination and calculation of the NAV of the Companies on a weekly basis, which will be communicated to Shareholders through a Regulatory Information Service.
- 3.11 The NAV of the Companies’ investments will be determined by the Manager in accordance with the British Venture Capital Association’s (“BVCA”) recommendations as set out in the BVCA notes of guidance. The value of investments will be determined on a fair value basis. In the case of quoted securities, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending on convention of the exchange on which the investment is traded. In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines.
- 3.12 The calculation of the Net Asset Value per Share would only be suspended in circumstances where the underlying data necessary to value the investments of either Company could not readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

4. CORPORATE GOVERNANCE

The UK Corporate Governance Code published by the FRC in July 2018 (the “Code”) applies to the Companies. The Boards have considered the principles and recommendations of the AIC’s code of corporate governance, which addresses all the principles of the Code, by reference to the AIC’s corporate governance guide for investment companies. The Directors note that the Code acknowledges that it does not set out a rigid set of rules and that some provisions may have less relevance for investment companies and, in particular, consider some areas inappropriate due to the size and nature of the business of the Companies. Accordingly, the provisions of the Code are complied with save that (i) the Companies do not have a senior independent director (the Boards do not consider this necessary due to the nature of the Companies), (ii) the Companies do not have a nomination committee due to the relatively small size and structure of the Companies, appointments being dealt with by the full Boards as they arise (iii) the Companies do not have a remuneration committee given the size of the

Companies and as they do not have any executive officers and as such the Boards as a whole deal with any matters of this nature (iv) as the Companies have no major shareholders, the Shareholders are not given the opportunity to meet or engage with any non-executive Directors at a specific meeting other than the annual general meeting (v) the Chairs of the Companies are members of their respective audit committees given their experience and the size of the Boards and (vi) in the case of Octopus AIM 2, the Octopus AIM 2 Directors are not subject to annual re-election in order to ensure experience is retained on the Octopus AIM 2 Board and as the Octopus AIM 2 Board considers all of the Octopus AIM 2 Directors to be independent.

4.2 Audit Committee

The audit committees of the Companies comprise the Boards, chaired, in the case of Octopus AIM, by Andrew Boteler and, in the case of Octopus AIM 2, by Andrew Raynor, and meet twice a year. The committees have direct access to BDO LLP, the Companies' external auditor. The duties of the audit committees are, inter alia:

- 4.2.1 to review and approve the half yearly and annual results of the Companies and the statutory accounts before submission to the Boards;
- 4.2.2 reviewing and approving the external auditor's terms of engagement and remuneration; and
- 4.2.3 reviewing the appropriateness of the Companies' accounting policies to consider matters of corporate governance as may generally be applicable to the Companies and make recommendations to the Boards in connection therewith as appropriate.

4.3 Nomination and Remuneration Committee

To date no nomination or remuneration committees have been established by the Companies. Recommendations for the re-election of Directors are considered by the Boards. Matters relating to remuneration of Directors are considered by the Boards.

5. TAKEOVERS AND MERGERS

5.1 Mandatory takeover bids

The City Code on Takeovers and Mergers (the "City Code") applies to all takeover and merger transactions in relation to the Companies, and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover, and that shareholders of the same class are afforded equivalent treatment. The City Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers (the "Panel") has now been placed on a statutory footing. The Takeovers Directive was implemented in the UK in May 2006 and, since 6 April 2007, has effect through the CA 2006. The Directive applies to takeovers of companies registered in an EU member state and admitted to trading on a regulated market in the EU or EEA.

The City Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the City Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30% or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50% of the voting rights.

There are no current mandatory takeover bids in relation to the Companies.

5.2 Squeeze out

Section 979 of the CA 2006 provides that if, within certain time limits, an offer is made for the share capital of either Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90% in value of the

shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90% of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the relevant company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the CA 2006 must, in general, be the same as the consideration available under the takeover offer.

5.3 Sell out

Section 983 of the CA 2006 permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in a company which amount to not less than 90% in value of all the voting shares in the company and carry not less than 90% of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. NOTIFICATIONS OF SHAREHOLDINGS

The provisions of DTR 5 will apply to the Companies and their Shareholders. DTR 5 sets out the notification requirements for Shareholders and the Companies where the voting rights of a Shareholder exceed, reach or fall below the threshold of 3% and each 1% thereafter up to 100%. DTR 5 provides that disclosure by a Shareholder to the Companies must be made within two trading days of the event giving rise to the notification requirement and the Companies must release details through a Regulatory Information Service as soon as possible following receipt of a notification and by no later than the end of the trading day following such receipt.

7. GENERAL

- 7.1 The estimated costs and expenses relating to the Offers, assuming full subscription and including the over-allotment facility, all investors being Advised Investors and all choosing to pay their advisers a 2.5% upfront fee, payable by the Company will be £1.65 million in aggregate (excluding VAT, if any). Assuming full subscription and costs and expenses equal to 5.5% of the gross proceeds of the Offers (disregarding any discounts for applications from investors who are existing shareholders of any Octopus VCT), the total net proceeds of the Offers, after all fees, will be £28.35 million.
- 7.2 BDO LLP of 55 Baker Street, London W1U 7EU, the auditor of the Companies, has given unqualified audit reports on the statutory accounts of the Companies for the financial years referred to in Part Three within the meaning of Section 495 of the CA 2006. None of those reports contained any statements under Section 237(2) or (3) of the CA 2006 and have been delivered to the Registrar of Companies in England and Wales pursuant to Section 242 of the CA 2006. These statutory accounts have been prepared in accordance with Financial Reporting Standard 102.
- 7.3 Each of the Companies shall take all reasonable steps to ensure that its auditors are independent of it and will obtain written confirmation from its auditors that they comply with guidelines on independence issued by their national accountancy and auditing bodies.
- 7.4 Howard Kennedy's office address is at No. 1 London Bridge, London SE1 9BG. Howard Kennedy is regulated by the Financial Conduct Authority and is acting in the capacity as Sponsor to the Companies.
- 7.5 Octopus was incorporated and registered in England and Wales on 8 March 2000 under the CA 1985 with registered number 3942880 as a private company limited by shares. The address of Octopus' registered office is at 6th Floor, 33 Holborn, London EC1N 2HT and its telephone number is 0800 316 2295. The principal legislation under which Octopus operates is the Acts and regulations made thereunder.
- 7.6 Howard Kennedy has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 7.7 The statements attributed to the Manager in this document have been included in the form and context in which they appear with the consent and authorisation of the Manager. In accordance with Prospectus Regulation Rule 5.3.2R(2)(f), the Manager accepts responsibility for those statements and to the best of its knowledge the information contained in those parts of the Prospectus is in accordance with the facts and those parts of the Prospectus make no omission likely to affect their import.
- 7.8 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to either Company's business or profitability.

- 7.9 The Companies do not assume responsibility for the withholding of tax at source.
- 7.10 Save in respect of the reduction in the NAV of Octopus AIM from 63.3p (audited) as at 29 February 2024 to 55.6p (unaudited) as at 16 September 2024, there has been no significant change in the financial position of Octopus AIM since 29 February 2024, the date to which the latest audited financial information has been published, to the date of this document.
- There has been no significant change in the financial position of Octopus AIM 2 since 31 May 2024, the date to which the latest unaudited financial information has been published, to the date of this document.
- 7.11 Save in respect of Covid-19, the Ukraine conflict and the recent inflation rates and the impact these may have on the Companies' portfolio businesses, there have been no significant factors, whether governmental, economic, fiscal, monetary or political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on the Companies' prospects or which have materially affected the Companies' income from operations so far as the Manager and the Directors are aware.
- 7.12 Shareholders will be informed, by means of the half-yearly and/or annual report or through a Regulatory Information Service if the investment restrictions which apply to the Companies as VCTs, as detailed in this document, are breached.
- 7.13 The Companies' capital resources are restricted insofar as they may be used only in putting into effect their respective investment policy as set out in this document. There are no firm commitments in respect of the Companies' principal future investments. As at 31 July 2024, Octopus AIM had £46.5 million of uninvested cash and as at 31 July 2024, Octopus AIM 2 had £24.4 million of uninvested cash, which in the case of both Companies has been retained for working capital and follow-on or new investments.
- 7.14 All Shareholders have the same voting rights in respect of the share capital of the Companies. The Companies are not aware of any person who, directly or indirectly, exercises or could exercise control over the Companies, nor of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Companies.
- 7.15 The Companies have no employees or subsidiaries.
- 7.16 The typical investor for whom investment in the Companies is designed is a UK income taxpayer over 18 years of age with an investment range of between £5,000 and £200,000 who, having regard to the risk factors set out on pages 12 to 14, considers the investment policy of each of the Companies to be attractive. This may include retail and sophisticated investors, as well as high net worth individuals who already have a portfolio of non-venture capital trust investments.
- 7.17 The Companies do not have any material Shareholders with different voting rights.
- 7.18 Application has been made for the admission of the New Shares to be listed on the Official List and application will be made for the New Shares to be admitted to trading on the London Stock Exchange's market for listed securities. The New Shares will be in registered form. If, following issue, recipients of New Shares should wish to hold their New Shares in uncertificated form they should contact the Companies' registrar.
- 7.19 All third party information in this Prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Companies are aware and are able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 7.20 The existing issued Shares in Octopus AIM will represent 87.0% of the enlarged ordinary share capital of Octopus AIM immediately following the Offers, assuming the Offers are fully subscribed, including the over-allotment facility, in both Companies with subscriptions split as to 60%/40% as between Octopus AIM and Octopus AIM 2, respectively, and with 30,560,271 New Shares being issued by Octopus AIM at an Offer Price of 58.9p, and on that basis Octopus AIM Shareholders who do not participate in the Offers will, therefore, be diluted by 13.0%.

The existing issued Shares in Octopus AIM 2 will represent 87.7% of the enlarged ordinary share capital of Octopus AIM 2 immediately following the Offers, assuming the Offers are fully subscribed, including the over-allotment facility, in both Companies with subscriptions split as to 60%/40% as between Octopus AIM and Octopus AIM 2, respectively, and with 26,143,790 New Shares being issued by Octopus AIM 2 at an Offer Price of 45.9p, and on

that basis Octopus AIM 2 Shareholders who do not participate in the Offers will, therefore, be diluted by 12.3%.

- 7.21 The Companies and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offers. The Offers will close on or before 22 September 2025. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus only in the UK.
- 7.22 **In the event of an offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time that the offer is made. Any financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto.**

8. **DOCUMENTS AVAILABLE FOR INSPECTION**

The Companies' memorandum and Articles and the Prospectus are available for inspection at the registered office of the Companies at 6th Floor, 33 Holborn, London EC1N 2HT, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offers and may also be inspected at the Companies' website address at www.octopusinvestments.com.

23 September 2024

DEFINITIONS

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

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| "2014 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2014/15 and 2015/16 that was launched on 29 August 2014 |
| "2015 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2015/16 and 2016/17 that was launched on 21 December 2015 |
| "2017 Top Up Offers" | the offer for subscription by the Companies for Shares as set out in a top up offer document dated 6 February 2017 |
| "2017 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2017/18 and 2018/19 that was launched on 16 June 2017 |
| "2018 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2018/19 and 2019/20 that was launched on 3 August 2018 |
| "2019 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2019/20 and 2020/21 that was launched on 29 November 2019 |
| "2020 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2020/21 and 2021/22 that was launched on 20 August 2020 |
| "2021 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2021/22 and 2022/23 that was launched on 19 August 2021 |
| "2022 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2022/23 and 2023/24 that was launched on 22 September 2022 |
| "2023 Offers" | the offer for subscription by the Companies for Shares in respect of the tax years 2023/24 and 2024/25 that was launched on 14 September 2023 |
| "Admission" | the admission of the New Shares to trading on the London Stock Exchange's main market for listed securities |
| "Aquis Stock Exchange" | the market operated by Aquis Exchange plc, registered in England and Wales with company number 07909192 whose registered office is at 63 Queen Victoria Street, London EC4N 4UA |
| "AIC" | the Association of Investment Companies |
| "AIM" | AIM, the market of that name operated by the London Stock Exchange |
| "Advised Investors" | investors under the Offers who receive advice from their financial intermediaries |
| "Applicant" | the person applying for New Shares under the Offers |
| "Application" | an application for New Shares in either or both Companies under the Offers |
| "Application Form" | the application form relating to the Offers which can be found on the Companies' website |
| "Articles" | the articles of association of the Companies |
| "Boards" | the boards of Directors of the Companies (and each a "Board") |
| "CA 1985" | Companies Act 1985 |
| "CA 2006" | Companies Act 2006 |
| "Companies" | Octopus AIM and Octopus AIM 2 (and each a "Company") |
| "Directors" | the directors of the Companies (and each a "Director") |
| "Disclosure Guidance & Transparency Rules" | the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA |

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| "EU MiFID II" | Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID") and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("MiFIR"), and together with MiFID, "MiFID II" |
| "FCA" | the Financial Conduct Authority |
| "FSMA" | the Financial Services and Markets Act 2000, as amended |
| "HMRC" | HM Revenue and Customs |
| "Howard Kennedy" | Howard Kennedy Corporate Services LLP |
| "ITA 2007" | Income Tax Act 2007 (as amended) |
| "Knowledge Intensive Company" | a company satisfying the conditions in Section 331(A) of Part 6 ITA 2007 |
| "London Stock Exchange" | London Stock Exchange plc |
| "MiFID" | The Markets in Financial Instruments Directive 2004/39/EC |
| "Money Laundering Regulations" | The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 |
| "NAV" | net asset value |
| "New Shares" | Shares being offered by the Companies pursuant to the Offers (and each a "New Share") |
| "Octopus", the "Manager" or the "Receiving Agent" | Octopus Investments Limited |
| "Octopus AIM" | Octopus AIM VCT plc |
| "Octopus AIM 2" | Octopus AIM VCT 2 plc |
| "Octopus Quoted Companies Team" | those members of Octopus who manage the Companies' portfolios, whose details are set out on pages 26 and 27 |
| "Octopus VCT" | any venture capital trust (whether it still exists or not) which is, or was at any time, managed by Octopus |
| "Offer Price" | the price per New Share as set out on page 75 |
| "Offers" | the offer for subscription by the Companies for New Shares in respect of the tax years 2024/25 and 2025/26 contained in this document |
| "Official List" | the official list maintained by the FCA |
| "Prospectus" | this document |
| "Prospectus Regulation" | the UK version of Regulation (EU) 2017/1129 |
| "Prospectus Regulation Rules" | the Prospectus Regulation rules of the FCA made under section 73A of FSMA |
| "Qualifying Company" | a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007 |
| "Qualifying Investments" | shares in, or securities of, a Qualifying Company held by the Companies which meet the requirements described in Chapter 4 of Part 6 ITA 2007 |
| "Regulatory Information Service" | a regulatory information service that is on the list of regulatory information services maintained by the FCA |
| "Risk Finance State Aid" | State aid received by a company as defined in Section 280B (4) of ITA 2007 |
| "Shares" | ordinary shares of 1p each in the capital of Octopus AIM and ordinary shares of 0.01p each in the capital of Octopus AIM 2 (and each a "Share") |

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| "Shareholders" | a holder of Shares (and each a "Shareholder") |
| "Terms and Conditions" | the terms and conditions of Application, contained in this document on pages 72 to 77 |
| "The Risk Finance Guidelines" | guidelines on State aid to promote risk finance investments 2014/C 19/04 |
| "UK Listing Rule" | the listing rules of the FCA |
| "UK MiFID Laws" | (1) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II in to UK law before 31 January 2020 (as amended and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (2) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019; and (ii) the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019 |
| "UK PRIIPs Laws" | the UK version of the EU Packaged Retail Investment and Insurance Products Regulations which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Packaged Retail and Insurance-based Investment Products (Amendment)(EU Exit) Regulations 2019 (February 2019) and the Cross-Border Distribution of Funds, Proxy Advisors, Prospectus and Gibraltar (Amendment) (EU Exit) Regulations 2019 |
| "venture capital trust" or "VCT" | a company which is, for the time being, approved as a venture capital trust under Section 259 of the ITA 2007 |
| "VCT rules" | Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning venture capital trusts |

TERMS AND CONDITIONS

The following terms and conditions apply to the Offers. The section headed 'Application Procedure' as set out below also forms part of these terms and conditions of Application.

1. The maximum amount to be raised by the Companies is £20 million, in aggregate, with an over-allotment facility of a further £10 million, in aggregate. Subject to the Offers remaining open for both Companies, Applicants may elect that their Applications are allocated 100% to either Company or split 60% to Octopus AIM and 40% to Octopus AIM 2 and in default of any election subscription monies will be split 60% to Octopus AIM and the remaining 40% to Octopus AIM 2. The maximum that may be raised by Octopus AIM is £18 million. The maximum that may be raised by Octopus AIM 2 is £12 million. Each of the Boards reserves the right to close the Offers in respect of their Company prior to the close of the Offers by the other Company and to accept Applications and issue New Shares at any time prior to 22 September 2025. As the Companies near capacity one may be fully subscribed earlier than the other. In the event of an Applicant's preferred allocation, or the default allocation, not being possible, that part of an Applicant's subscription that cannot be allocated to either Company will, unless an Applicant directs otherwise, be allocated to the other Company. Applications relating to the 2024/25 tax year will be accepted in priority to applications relating to the 2025/26 tax year. The Offers will close on full subscription or earlier, at the discretion of the Boards.
2. The minimum investment is £5,000. The minimum investment for investors investing indirectly through a nominee is £500. There is no maximum investment.
3. The contract created with the Companies by the acceptance of an Application (or any proportion of it) under the Offers will be conditional on acceptance being given by the Receiving Agents and admission of the New Shares allotted in the Companies pursuant to the Offers to the Official List (save as otherwise resolved by the Boards).
4. The right is reserved by the Companies 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. Multiple applications are permitted. The Companies may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Companies may, at their discretion, accept an Application in respect of which payment is not received by the Companies. 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 Offer Price of one New Share) 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. Interest earned from this account will be due to Octopus.
5. By completing and delivering an Application Form, you:
 - I irrevocably offer to subscribe the monetary amount for New Shares in the Companies under the Offers in the amount specified in your Application Form (or such lesser amount for which your Application is accepted), which shall be used to purchase the New Shares at the Offer Price determined by dividing the most recently announced NAV per Share of the Companies by 0.945 to allow for issue costs, on the terms of and subject to this document and subject to the memorandum and articles of association of the Companies. Investors who are existing shareholders of any Octopus VCT will benefit from the costs of the Offers being reduced by 1%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus and issued at the most recently announced NAV per Share, divided by 0.945 as described at paragraph 10 below. Where the Share price for the Companies has been declared ex-dividend on the London Stock Exchange, the NAV used for pricing under the Offers will be ex-dividend. In respect of the Offers, 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 Shares will not be allotted);
 - II agree that your Application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Companies 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;
 - III 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 Companies in their 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 Companies of such late payment, the Companies may (without prejudice to their 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;

- IV agree that if, following the issue of all or any New Shares applied for pursuant to the Offers, your remittance is not honoured on first presentation, those New Shares may, forthwith upon payment by Octopus (or such person as it may nominate) of the Offer Price of those New Shares to the Companies, be transferred to Octopus or such other person as Octopus may direct at the relevant Offer Price per New Share and any director of the relevant Companies is hereby irrevocably appointed and instructed to complete and execute all or any form(s) of transfer and/or any other documents in relation to the transfer of those New Shares to Octopus or such other person as Octopus may direct and to do all such other acts and things as may be necessary or expedient, for the purpose of or in connection with, transferring title to those New Shares to Octopus, or such other person, in which case you will not be entitled to those New Shares or any payment in respect of such New Shares;
- V 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 Companies 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;
- VI agree that any monies refundable to you by the Companies may be retained by the Receiving Agents pending clearance of your remittance and any verification of identity which is, or which the Companies or the Receiving Agents may consider to be, required for the purposes of the Money Laundering Regulations and that such monies will not bear interest;
- VII authorise the Receiving Agents to send share certificates and tax 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 Companies in respect of such New Shares. There may be a cost to replace share certificates and tax certificates;
- VIII 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 Companies 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;
- IX confirm that, in making such Application, you are not relying on any information or representation in relation thereof shall have any liability for such information or representation (save for fraudulent misrepresentation or wilful deceit);
- X 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;
- XI 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 Companies and the Offers contained therein;
- XII 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;
- XIII declare that you are an individual aged 18 or over;
- XIV agree that all documents and cheques sent by post to, by or on behalf of either the Companies or the Receiving Agents, will be sent at the risk of the person entitled thereto;
- XV agree, on request by the Companies 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 Companies or Octopus to disclose any information relating to your Application as the Companies or Octopus consider

- appropriate;
- XVI 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 Offers or the suitability for you of an investment in New Shares pursuant to the Offers or be responsible to you for providing the protections afforded to its customers;
- XVII where applicable, authorise the Companies to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Companies;
- XVIII declare that the Application Form has been completed to the best of your knowledge;
- XIV undertake that you will notify the Companies if you are not or cease to be either a venture capital trust qualifying subscriber or beneficially entitled to the New Shares;
- XX 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 Offers 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;
- XXI agree that information provided on the Application Form may be provided to the registrars and Receiving Agents to process shareholdings details and send notifications to you. Information on Octopus' privacy policy can be found at: <https://octopusinvestments.com/privacy-notice/> and Shareholders who have any questions or queries on the policy should contact Octopus' data protection officer at: Dataprotection@Octopusgroup.com;
- XXII undertake that you will notify Computershare Investor Services plc (the "Registrar"), the Companies' registrar, of any changes to your address or bank details. The Registrar currently charges for replacement share certificates or dividend payments, for more information please call Computershare on 0370 703 6325; and
- XXIII warrant that you are not currently targeted by any form of UK, US or EU sanctions or restrictive measures including blocking; asset freezes; restrictions on dealings, issuing, or trading in debt, equity, derivatives, or other securities; or any other prohibition or restriction on exercising any rights or performing any obligations you may have in connection with any third party and that you will inform the Companies, the Receiving Agent and the Companies' registrar immediately of any circumstances or changes whilst you are an Applicant or a Shareholder that could impact this warranty.
6. 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.
7. 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.
8. The basis of allocation will be determined by the Companies (after consultation with Octopus) in their absolute discretion. The right is reserved by the Boards 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 Companies 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.

9. Money Laundering Regulations

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

Octopus is required to verify the identities of its clients in accordance with Money Laundering Regulations. 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 adviser.

If within a reasonable period of time following a request for verification of identity, and in any case by no later than 3:00 p.m. 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 Companies 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 banker's 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 banker's 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 banker's draft has not been cleared on first presentation.

10. Costs of the Offers

For all investors, the Offer Price will be determined by the 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 Offers, such costs constituting the expenses charged to investors under the Offers. The formula is:

the most recently announced NAV per Share of each Company at the time of allotment, divided by 0.945.

The Companies announce their NAV on a weekly basis. Where the Share prices for the Companies have been declared ex-dividend on the London Stock Exchange, the NAV used for determining the Offer Price will be ex-dividend. In respect of the Offers, 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 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 Boards.

Investors who are existing shareholders of any Octopus VCT will benefit from the costs of the Offers being reduced by 1%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus and issued at the most recently announced NAV per Share, divided by 0.945.

In consideration for promoting the Offers, the Companies will pay an initial charge of 3% of the gross sum invested in the Offers to Octopus. This is payable in the same way on all subscriptions to the Offers. From this sum Octopus will discharge all external costs of advice and their own and the Companies' costs in respect of the Offers. 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 Companies.

In consideration for promoting the Offers, if an application is made directly (not through an intermediary/adviser) then the Companies will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional ongoing charge of 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to that investor for up to nine years, provided the investor continues to be the beneficial owner of the New Shares. The cost of this ongoing charge will not result in a higher fee to investors since Octopus will reduce its annual management fee accordingly.

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

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

The Companies 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.

The Companies can also facilitate 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 recently announced NAV multiplied by the number of New Shares allotted to that investor for up to nine years, provided that the investor continues to be the beneficial owner of the New 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 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 Share will be donated to a charity approved by the relevant Board. The cost of ongoing adviser charges will not result in a higher fee to investors since Octopus will reduce its annual management fee accordingly.

If the investor terminates their relationship with the intermediary/adviser then the Companies will not make any further payments of ongoing adviser charges to that intermediary/adviser. The Companies 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 Offers through a financial intermediary/adviser and have received upfront advice with no ongoing adviser charge, including investors who are investing through intermediaries/advisers using financial platforms.

Where an investor agreed to an upfront fee only, the Companies 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. In these circumstances the Companies will not facilitate ongoing annual payments. To ensure that the Companies are not financially disadvantaged by such payment, a notional ongoing adviser charge equivalent to 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to that investor will be deemed to have been paid by the Companies for a period of nine years. Octopus will subsequently reduce its annual management charge by the amount of this notional ongoing adviser charge to ensure that the Companies are not financially disadvantaged.

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 Companies to such an intermediary. An ongoing charge of 0.5% per annum of the most recently announced NAV multiplied by the number of New Shares allotted to that investor will be paid to the intermediary by Octopus for up to nine years provided that the investor continues to be the beneficial owner of the New Shares (and in the case of an intermediary the intermediary continues to act for the investor). Since Octopus pay the cost of this ongoing charge, this will not result in a higher fee to investors.

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 NAV per Share immediately subsequent to subscriptions in the Offers being made. Octopus has agreed to indemnify the Companies against the costs of the Offers (including intermediary commission) exceeding 5.5% of the gross proceeds of the Offers.

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 subsequent 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 Shares under the arrangements set out above. Shares issued as part of these reinvestment arrangements will not qualify for the income tax relief on the cost of the investment that is applicable to VCTs.

Any additional 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 Companies do 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 Companies 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.

Examples

On the assumption that an investor does not receive any advice in respect of their Application, an illustration of the pricing formula for an aggregate investment of £10,000 under the Offers (using the most recently published unaudited NAV of the Companies as at the date of this document) is set out below:

Octopus AIM

| Latest published unaudited NAV as at the date of the Prospectus (p) | Offer Price (p) | Application (£) | Number of New Shares to be allotted |
|---|-----------------|-----------------|-------------------------------------|
| 55.6 | 58.9 | £10,000 | 16,977 |

Octopus AIM 2

| Latest published unaudited NAV as at the date of the Prospectus (p) | Offer Price (p) | Application (£) | Number of New Shares to be allotted |
|---|-----------------|-----------------|-------------------------------------|
| 43.3 | 45.9 | £10,000 | 21,786 |

The Offer Price may vary between allotments based on the movement in the published NAV of the Shares. The cost of the Offers is capped at 5.5%. Octopus has agreed to indemnify the Companies against the costs of the Offers in excess of this amount.

ANNEX I

TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEMES (DRIS) FOR EACH OF THE COMPANIES

Elections to participate in the Scheme should be addressed to the Scheme Administrator, Computershare Investor Services plc ("Scheme Administrator") in accordance with condition 11 and will only be effective for dividends to be paid 15 days following receipt of the election by the Scheme Administrator.

- (a) The Company, acting through the Scheme Administrator, shall have absolute discretion to accept or reject elections. An applicant shall become a member of the Scheme upon acceptance of his or her election by the Scheme Administrator on the Company's behalf ("Participants"). The Scheme Administrator will provide written notification if an election is rejected. Only registered shareholders of the Company ("Shareholders") may join the Scheme.

The Company shall apply dividends to be paid to Participants on Ordinary Shares in the Company ("Ordinary Shares") in respect of which an election has been made in the allotment of further Ordinary Shares. The Scheme Administrator shall not have the discretion, and Participants may not instruct the Scheme Administrator, to apply those dividends ("funds") towards any investments other than investment in Ordinary Shares as set out in this condition 2(b).

Participants who are Shareholders may only participate in the Scheme if all Ordinary Shares registered in their name are mandated to the Scheme.

By joining the Scheme, Participants instruct the Scheme Administrator that the mandate will apply to the full number of Ordinary Shares held by them in respect of which the election is made, as entered onto the share register of the Company from time to time.

In relation to new Ordinary Shares to be allotted in relation to a dividend such Ordinary Shares will only be allotted to the registered Shareholder and not any beneficial holder. Nominee Participants shall not be entitled to instruct the Scheme Administrator to allot Ordinary Shares to a beneficial holder (and Participants are advised to read condition 15 in respect of the consequences for VCT Tax reliefs).

- (a) On or as soon as practicable after a day on which a dividend on the Ordinary Shares is due to be paid to a Participant or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter ("Payment Date"), the Participant's funds held by the Company shall, subject to conditions 9, 10 and 19 below and the Company having the requisite shareholder authorities to allot Ordinary Shares, be applied on behalf of that Participant to subscribe for the maximum number of whole new Ordinary Shares which can be allotted with the funds.

The number of Ordinary Shares to be allotted to a Participant pursuant to condition 3(a) above shall be calculated by dividing the Participant's funds by the greater of (i) the last published net asset value per existing Ordinary Share, (ii) the mid-market price per Ordinary Share as quoted on the London Stock Exchange at the close of business on the 10th business day preceding the date of issue of such Ordinary Shares and (iii) Ordinary Shares will not be allotted at less than their nominal value.

Fractional entitlements will not be allotted and any residual cash balance of less than the amount required to subscribe for a further new Ordinary Share, as set out in 3(b) above will be donated to a registered charity at the discretion of the Board.

The Company shall not be obliged to allot Ordinary Shares under the Scheme to the extent that the total number of Ordinary Shares allotted by the Company pursuant to the Scheme in any financial year would exceed 10% of the aggregate number of Ordinary Shares on the first day of such financial year.

The Company shall immediately after the subscription of Ordinary Shares in accordance with the condition at 3(a) above take all necessary steps to ensure that those Ordinary Shares shall be admitted to the Official List and to trading on the main market of the London Stock Exchange, provided that at the time of such subscription the existing Ordinary Shares in issue are so admitted to the Official List and to trading on the main market of the London Stock Exchange.

The Scheme Administrator shall as soon as practicable after the allotment of Ordinary Shares in accordance with condition 3 procure (i) that the Participants are entered onto the Share Register of the Company as the

registered holders of those Ordinary Shares, (ii) that share certificates (unless such Ordinary Shares are to be uncertified) and, where applicable, income tax vouchers ("Tax Vouchers") are sent to Participants at their own risk and (iii) that Participants receive a statement detailing:

- (a) the total number of Ordinary Shares held at the record date for which a valid election was made;
- (b) the number of Ordinary Shares allotted;
- (c) the price per Ordinary Share allotted;
- (d) the cash equivalent of the Ordinary Shares allotted; and
- (e) the date of allotment of the Ordinary Shares;

All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.

Each Participant warrants to the Scheme Administrator that all information set out in the Application Form (including any electronic election) on which the election to participate in the Scheme is contained is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator and that during the continuance of his or her participation in the Scheme he or she will comply with the provisions of condition 7 below.

The right to participate in the Scheme will not be available to any person who is a citizen, resident or national of, or who has a registered address in, any jurisdiction outside the UK unless such right could properly be made available to such person. No such person receiving a copy of the Scheme documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).

Participants acknowledge that the Scheme Administrator is not providing a discretionary management service. Neither the Scheme Administrator nor the Company shall be responsible for any loss or damage to Participants as a result of their participation in the Scheme unless due to the negligence or wilful default of the Scheme Administrator or the Company or their respective employees and agents.

Participants may:

- (a) at any time by notice to the Scheme Administrator terminate their participation in the Scheme and withdraw any funds held by the Company on their behalf; and
- (b) in respect of Ordinary Shares they hold as nominee and subject to condition 2(e), give notice to the Scheme Administrator that, in respect of a forthcoming Payment Date, their election to receive Ordinary Shares is only to apply to a specified amount due to the Participant as set out in such notice.

Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Administrator at least 15 days prior to such Payment Date. In respect of notices under (a) above, such notice will be deemed to have been served where (i) the Participant ceases to hold any Ordinary Shares or (ii) the Participant applies for further Ordinary Shares under a prospectus or top up offer document issued by the Company, and indicates on the relevant Application Form applying that they do not want the shares to be issued to them to be subject to the Scheme (upon which their existing participation in the Scheme in relation to all their Ordinary Shares shall be deemed to terminate in accordance with (a) above). Upon receipt of notice of termination, all funds held by the Company on the Participant's behalf shall be returned to the Participant as soon as reasonably practical at the address set out in register of members, subject to any deductions which the Company may be entitled or bound to make hereunder.

The Company shall be entitled at its absolute discretion, at any time and from time to time to:

- suspend the operation of the Scheme;
- terminate the Scheme without notice to the Participants; and/or
- resolve to pay dividends to Participants partly by way of cash and partly by way of new Ordinary Shares

pursuant to the Scheme.

Participants who wish to participate in the Scheme in respect of new Ordinary Shares to be issued pursuant to a prospectus or top up offer document may tick the relevant box on the applicable Application Form.

Participants who wish to participate in the Scheme and who already have Ordinary Shares issued to them held in certificated form, i.e. not in CREST, should complete and sign a Mandate Form and return it no later than 15 days prior to the dividend payment date to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Personalised Mandate Forms can be obtained from Computershare Investor Services plc at the address above or by telephoning +44 (0) 370 703 6325 in respect of Octopus AIM and +44 (0) 370 703 6326 in respect of Octopus AIM 2. Calls to these numbers cost the same as a normal local or national landline call and may be included in your service provider's tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services plc are open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services plc cannot provide any financial, legal or tax advice and calls may be monitored for security and training purposes.

Participants who wish to participate in the Scheme and who already have Ordinary Shares issued to them held in uncertificated form in CREST (and were in uncertificated form as at the relevant record date), can only elect to receive a dividend in the form of new Ordinary Shares by means of the CREST procedure to effect such an election for the Company. No other method of election will be permitted under the Scheme and will be rejected. By doing so, such Shareholders confirm their election to participate in the Scheme and their acceptance of the Scheme terms and conditions. If a Participant is a CREST sponsored member, they should consult their CREST sponsor, who will be able to take appropriate action on their behalf. All elections made through the CREST system should be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual. The Dividend Election Input Message submitted must contain the number of Ordinary Shares on which the election is being made. If the relevant field is left blank or completed with zero, the election will be rejected. If a Participant enters a number of Ordinary Shares greater than the holder in CREST on the relevant record date for dividend the system will automatically amend the number down to the record date holding. When inputting the election, a 'single drip' election should be selected (the Corporation Action Number for this can be found on the CREST GUI). Evergreen elections will not be permitted. Participants who wish to receive new Ordinary Shares instead of cash in respect of future dividends, must complete a Dividend Election Input Message on each occasion otherwise they will receive the dividend in cash. Elections through CREST should be received by CREST no later than 5:00 p.m. on such date that is at least 15 days before the dividend payment date for the relevant dividend in respect of which you wish to make an election. Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST Shareholder wishes to change their election, the previous election would have to be cancelled.

A written Mandate Form will remain valid for all dividends paid to the Participant by the Company until such time as the Participant gives notice in writing to the Scheme Administrator that he no longer wishes to participate in the Scheme.

The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participants unless in the Company's opinion the change materially affects the interests of the Participants. Amendments to the Scheme Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may be effected without notice.

By ticking the relevant election box and completing and delivering the Application Form the Participant:

- agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
- declares that a loan has not been made to the Participant on whose behalf the Ordinary Shares are held or any associate of either of them, which would not have been made or not have been made on the same terms but for the Participant electing to receive new Ordinary Shares and that the Ordinary Shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purposes of which is the avoidance of tax.

Elections by individuals for Ordinary Shares should attract applicable VCT tax reliefs (depending on the

particular circumstances of an individual) for the tax year in which the Ordinary Shares are allotted provided that the issue of Ordinary shares under the Scheme is within the investor's annual £200,000 limit. Participants and beneficial owners are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company accepts any liability in the event that tax reliefs are not obtained. The Tax Voucher can be used to claim any relevant income tax relief either by obtaining from the HM Revenue & Customs an adjustment to the Participant's tax coding under the PAYE system or by waiting until the end of the year and using the self-assessment tax return.

The Company will, subject to conditions 9, 10 and 19, issue Ordinary Shares in respect of the whole of any dividend payable (for the avoidance of doubt, irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the Scheme Administrator has been notified to the contrary in writing at least 15 days before a Payment Date.

Shareholders electing to receive Ordinary Shares rather than a cash dividend will be treated as having received a normal dividend. Shareholders qualifying for VCT tax reliefs should not be liable to income tax on shares allotted in respect of dividends from qualifying VCT shares.

For capital gains tax purposes, Shareholders who elect to receive Ordinary Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Ordinary Shares. The new Ordinary Shares will be treated as a separate asset for capital gains purposes.

The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the Scheme Administrator.

The amount of any claim or claims a Participant has against the Company or the Scheme Administrator shall not exceed the value of such Participant's Ordinary Shares in the Scheme. Nothing in these Scheme Terms and Conditions shall exclude the Company or the Scheme Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the Scheme Administrator will be responsible for:

- acting or failing to act in accordance with a court order of which the Scheme Administrator has not been notified (whatever jurisdiction may govern the court order); or
- forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from a Shareholder (or, where relevant, a nominee) are genuine; or
- losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the Scheme Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these Scheme Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
- any indirect or consequential loss.

These Scheme Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.

All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

These Scheme Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders who are in any doubt about their tax position should consult their independent financial adviser.

LIST OF ADVISERS TO THE COMPANIES

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| Investment Manager, Administrator and Receiving Agent | Octopus Investments Limited 6 th Floor 33 Holborn London EC1N 2HT |
| Company Secretary | Octopus Company Secretarial Services Limited |
| Auditor | BDO LLP 55 Baker Street London W1U 7EU |
| Solicitor | Howard Kennedy LLP No. 1 London Bridge London SE1 9BG |
| Sponsor | Howard Kennedy Corporate Services LLP No. 1 London Bridge London SE1 9BG |
| Tax adviser to the Offers | Philip Hare & Associates LLP 6 Snow Hill London EC1A 2AY |
| VCT Tax status adviser | Shoosmiths LLP Apex Plaza Forbury Road Reading RG1 1SH |
| Registrars | Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS99 6ZZ |



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