Octopus Apollo VCT

Octopus Apollo VCT Prospectus

Offer for subscription by Octopus Apollo VCT plc for the tax years 2019/2020 and 2020/2021 to raise up to £20 million by way of an issue of New Shares, with an over-allotment facility of a further £10 million.

10 May 2019

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 financial adviser authorised pursuant to the Financial Services and Markets Act 2000 (FSMA).

This document, which comprises a prospectus relating to Octopus Apollo VCT plc (the "Company") dated 10 May 2019, has been prepared in accordance with the prospectus rules made under Part VI of FSMA, and has been approved for publication by` the Financial Conduct Authority as a prospectus under the Prospectus Rules on 10 May 2019.

The Company and the Directors, whose names appear on pages 20 to 21 of this document, accept responsibility for the information contained herein. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Persons receiving this document should note that Howard Kennedy, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sponsor for the Company 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 or providing advice in connection with any matters referred to herein.

Octopus Apollo VCT plc

(registered number 05840377)

Prospectus relating to:

offer for subscription by Octopus Apollo VCT plc of New Shares to raise up to a maximum of £20 million, with an over-allotment facility of a further of £10 million, payable in full on application

Sponsor
Howard Kennedy Corporate Services LLP

The ordinary shares of the Company in issue at the date of this document are listed on the premium segment of the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities. Application has been made to the FCA for all of the New Shares to be listed on the premium segment of the Official List and application 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 10 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. The Offer is conditional on the passing by the Shareholders of Resolutions 1 and 3 at the General Meeting.

The Offer is 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.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. The Elements are numbered in Sections A—E.

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A - Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent for Use of Prospectus by financial intermediaries	The Company 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 Offer. The Offer is expected to close on or before 9 May 2020. There are no conditions attaching to this consent. **Information on the terms and conditions of the offer by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

Schedule B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Octopus Apollo VCT plc.
B.2	Domicile and legal form	Octopus Apollo VCT plc was incorporated and registered in England and Wales on 7 June 2006 as a public company limited by shares under the Companies Act 1985 with registered number 05840377.
B.5	Group description	The Company is not presently part of a group.
B.6	Major shareholders	The Company is not aware of any person or persons who have or who, following the Offer, will or could have, directly or indirectly, voting rights representing 3% or more of the issued share capital of the Company or who can, or could, following the Offer, directly or indirectly exercise control over the Company. There are no different voting rights for any Shareholder.
B.7	Selected financial information	Selected historical financial information relating to the Company, which has been extracted from the audited financial statements referenced in the following tables, is set out below:

	Year Ended 31 January 2017 (audited)	Year Ended 31 January 2018 (audited)	Year Ended 31 January 2019 (audited)
Net assets (£'000)	141,799	130,377	119,024
Net asset value per Share (p)	63.2	50.6	47.1
Revenue return after expenses and taxation (£'000)	827	835	668
NAV plus cumulative dividends paid (p)	117.2	118.6	118.2
Dividend paid per Share during the period (p)	21.5*	14.00**	3.1
Total Expenses (£'000)	6,145	5,650	4,435
As a percentage of average Shareholders' funds	4.6%	4.2%	3.6%
Earnings per Share (p)	3.0	1.5	(0.4)

*Includes 16.5p special dividend
**Includes 10.7p special dividend

Net proceeds of £39.5 million and £20.6 million were raised by the Company under offers for subscription which opened on 2 November 2015 and 4 November 2016 respectively.

On 4 August 2016 a payment of 92.3p per D share was paid in respect of those D shares that did not convert to Shares, reducing the NAV of the Company by approximately £14.4 million.

Save in respect of these matters, both during the financial periods referred to above and since 31 January 2019 there has been no significant change in the financial condition or operating results of the Company.

B.8	Key pro forma financial information	Not applicable. There is no pro forma financial information in the Prospectus.
B.9	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10	Description of	Not applicable. The audit reports on the historical financial information contained within the

	the nature of any qualifications in the audit report on the historical financial information	document are not qualified.
B.11	Insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next twelve months from the date of this document).
B.34	Investment objective and policy including investment restrictions	<u>Investment Policy</u> The Company's investment policy is designed to enable the Company to comply with the VCT qualifying conditions. It is intended that the long-term disposition of the Company's assets will be not less than 80% in a portfolio of unquoted investments and up to 20% in cash or near cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks. Investments are structured using various unquoted investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the venture capital legislation. The portfolio is diversified by investing in a broad range of industry sectors and by holding investments in companies at various stages of maturity in the corporate development cycle, within the confines of VCT legislation. The normal investment period is in the range from three to seven years. Any uninvested funds are typically held in cash, money market funds and OEICs. Risk is further spread by investing in a number of different businesses within different industry sectors using a variety of securities. The maximum amount invested in any one company is limited to HMRC annual investment limits and, generally, no more than 15% of the Company's investments, at cost, are invested in the same company. The value of individual investments is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. The Company's VCT qualifying investments are held with a view to long-term capital growth as well as income generation 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. Investments are made using shareholders' funds and it is not intended that the Company will take on any long-term borrowings.
B.35	Borrowing limits	The Articles restrict borrowings to 50% of the adjusted capital and reserves. The current policy, however, is that investments will normally be made using the shareholders' funds and it is not intended that the Company will take on any long-term borrowings. As at the date of this document the Company has no borrowings.
B.36	Regulatory status	The Company is authorised and regulated by the FCA as a self managed alternative investment fund.
B.37	Typical investor	A typical investor for whom the Company is designed is a UK 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 in Section D of this Summary, considers the Investment Policy to be attractive. This may include retail and sophisticated investors and high net worth individuals who already have a portfolio of non-VCT investments.
B.38	Investment of 20% or more in a	Not applicable. The Company will not invest more than 20% in a single underlying asset or investment company.

	single underlying asset or investment company	
B.39	Investment of 40% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 40% in a single underlying asset or investment company.
B.40	Applicant's service providers	Octopus receives an annual investment management fee of an amount equal to 2% of the net assets of the Company. Octopus also receives an annual administration and accounting fee equal to 0.3% of the net assets of the Company and a company secretarial fee of £20,000. Octopus is entitled to an annual performance related incentive fee in each accounting period, subject to the NAV plus cumulative dividends paid being at least 100p at the end of the relevant period. The amount of the fee will be equal to 20% of the amount by which the NAV plus cumulative dividends paid at the end of the relevant accounting period exceeds the higher of: • NAV plus cumulative dividends paid as at the previous accounting year end plus the average Bank of England base rate over the period; and • the highest NAV plus cumulative dividends paid as at the end of the accounting period commencing on 1 February 2012 or any subsequent accounting period.
B.41	Regulatory status of the Manager/ custodian	Octopus is authorised and regulated by the Financial Conduct Authority.
B.42	Calculation of Net Asset Value	The NAV of a Share is calculated in accordance with the Company's accounting policies and is published at least every six months through a Regulatory Information Service. The calculation of the NAV per Share would only be suspended in circumstances where the underlying data necessary to value the investments of the 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.
B.43	Cross liability re umbrella collective investment undertaking	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within the document.
B.45	Portfolio	The Company's investment portfolio comprises predominantly UK unquoted companies across various sectors including software, engineering, telecommunications, distribution and manufacturing. The Company's portfolio of investments was valued at £86.5 million as at 31 January 2019 (the date to which the most recent audited financial information has been drawn up).
B.46	Most recent Net	The audited NAV per Share as at 31 January 2019 was 47.1p.

	Asset Value	

Section C — Securities

Element	Disclosure requirement	Disclosure
C.1	Types and class of securities	The Company will issue new ordinary shares of 10p each pursuant to the Offer. The ISIN and SEDOL of the New Shares are GB00B17B3479 and B17B347 respectively.
C.2	Currency	Sterling.
C.3	Number of securities to be issued	The Company will issue New Shares under the Offer of up to £20 million of funds raised, with an over-allotment facility of up to a further £10 million.
C.4	Description of the rights attaching to the securities	As Regards Income: The holders of the Shares shall be entitled to receive such dividends as the Directors resolve to pay in respect of the Shares. As Regards Capital: On a return of capital on a winding up or any other return of capital (other than on a purchase by the Company of its 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. 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. As Regards Redemption: The Shares are not redeemable.
C.5	Restrictions on the free transferability of the securities	Not applicable. There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application has been made to the UK Listing Authority for the New Shares to be admitted to the premium segment of the Official List and an application will be made to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings will commence within 10 business days of their allotment.
C.7	Dividend policy	Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to pay tax free distributions to Shareholders.

Section D — Risks

Element	Disclosure requirement	Disclosure
D.1	Key information on the key risks specific to the issuer or its industry	• Shareholders may be adversely affected by the performance of the investments, which may restrict the ability of the Company to distribute any capital gains and revenue received on the investments. • The Company's investments may be difficult, and take time, to realise. • Investment in unquoted companies, which comprise most of the Company's portfolio of companies, by its nature, involves a higher degree of risk than

		investment in companies listed on the Official List. • The Company will only pay dividends on its Shares to the extent that it has distributable reserves and cash available for that purpose. VCT status will be withdrawn if 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 the shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks. • Income tax relief on subscription for shares in a VCT is restricted where, within 6 months, whether before or after the subscription, the investor had disposed of shares in that VCT or a VCT which at any time merges with that VCT and where, in the case of a merger taking place after the subscription, it was known at the time of the subscription that the VCTs were intending to merge.
D.3	Key information on the key risks specific to the securities	• The value of the Shares may go down as well as up. Shareholders may not receive back the full amount invested and could lose part or all of their investment. • There is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any share buyback policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV. • Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment.

Section E — Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and expenses of the Issue	The aggregate net proceeds of the Offer, assuming a £30 million subscription and the maximum initial charge, will be £27.75 million. The costs and expenses (excluding VAT but including initial intermediary commission) relating to the Offer for the Company and the expenses charged to an investor, either directly or indirectly, will be up to 7.5% of the gross funds raised by the Company.
E.2a	Reason for the Offer, use of proceeds and estimated net amount of the proceeds	The Company's success to date has highlighted that the model used by Octopus is one that can lead to returns in line with the Company's mandate. The Board believes that the Company's portfolio is well positioned to continue this trend, delivering regular income to those investors able to take a long-term view to investing in well-run, VCT qualifying companies predominantly in the UK. The funds raised under the Offer will be invested in accordance with the Company's investment policy. Some of the funds raised will be used to invest into new portfolio companies and some will be used to further support the Company's existing portfolio. The net proceeds of the Offer, assuming a £30 million subscription and the maximum initial charge, will be £27.75 million.
E.3	Terms and conditions of the Offer	The Offer Price will be determined by the following formula: • **the most recently announced NAV per Share of the Company, divided by 0.945** The Company announces its NAV on a six monthly basis. Where the share price for the Company has been declared ex-dividend on the London Stock Exchange, the NAV used for determining the Offer Price for the Company will be ex-dividend. In respect of the Offer, the NAV per New Share will be rounded up to one decimal place and the number of New Shares to be issued will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). Where there is a surplus of application funds, these will be returned to applicants without interest, except where the amount is less than the Offer Price of one New Share in which case it will be donated to charity.

		The Offer will be closed on full subscription, i.e. once the full £20 million plus the over-allotment facility of £10 million have been raised. The Board reserves the right to close the Offer earlier and to accept applications and issue New Shares at any time prior to the close of the Offer. New Shares issued will rank pari passu with the existing Shares from the date of issue. The Offer is conditional upon the passing by Shareholders of Resolutions 1 and 3 at the General Meeting.
E.4	Material interests	Not applicable. No interest is material to the issue of the New Shares.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the security as part of the Offer and there are no lock-up agreements.
E.6	Amount and percentage of dilution	The existing issued Shares in the Company will represent 80.77% of the ordinary share capital of the Company immediately following completion of the Offer, assuming that (i) the Offer is fully subscribed, including full utilisation of the over-allotment facility, at an Offer Price of 49.9p and on that basis Shareholders who do not receive New Shares will, therefore, be diluted by 19.23%.
E.7	Expenses charged to the investor	For all investors, the Offer Price will be determined by a formula reflecting the NAV per Share adjusted for an allowance for the majority of the costs of the Offer. The formula is: the most recently announced NAV per Share, divided by 0.945. A more detailed explanation is set out at E3 above. In consideration for promoting the Offer, the Company will pay an initial charge of 3.0% of the gross sums invested in the Offer to Octopus. This is payable in the same way on all subscriptions to the Offer. From this sum Octopus will discharge all costs in respect of the Offer. In addition, there are then four 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) <u>A direct investment</u>** Investors who have not invested their money through a financial intermediary/adviser and have invested directly into the Company. In consideration for promoting the Offer, if an application is made directly (not through an intermediary) then the Company will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional annual ongoing charge of 0.5% of the investment amount's latest NAV for up to nine years, provided the investor continues to hold the Shares. **2) <u>An advised investment where advice is received for an upfront fee with an ongoing adviser charge</u>** Investors who have invested in the Offer through a financial intermediary/adviser and have received upfront advice and will receive ongoing advice. The Company can facilitate a payment on behalf of an investor to an intermediary/adviser (an 'initial adviser charge') of up to 2.5% of the investment amount. If the investor has agreed with his/her intermediary/adviser to pay a lower initial adviser charge, the balance (up to a maximum of 2.5%) will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above. The Company can also facilitate annual payments to an intermediary/adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the intermediary/adviser to the investor of up to 0.5% per annum of the investment amount's latest NAV for up to nine years, whilst the investor continues to hold the

Shares. If the investor chooses to pay their adviser less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, at the most recently announced NAV per Share. Any residual amount less than the cost of a New Share will be donated to charity approved by the Board.

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

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

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

Where an investor agreed an upfront fee only, the Company can facilitate a payment of an initial adviser charge of up to 4.5% of the investment amount. If the investor chooses to pay their intermediary/adviser less than the maximum initial adviser charge, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above. In these circumstances the Company will not facilitate ongoing annual payments.

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) **<u>A Non-advised investment using an intermediary</u>**

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

An initial commission of 2.5% of the investment will be paid by the Company to the intermediary. An annual ongoing charge of 0.5% of the investment amount's latest NAV will be paid by the Company to the intermediary. Such commission will be available for up to nine years provided that the intermediary continues to act for the investor and the investor continues to be the beneficial owner of the Shares.

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

RISK FACTORS

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

Risk factors relating to the Company

The past performance of the Company and/or Octopus is no indication of future performance. The return received by Shareholders will be dependent on the performance of the underlying investments of the Company. The value of such investments, and the interest income and dividends they generate, may fall and adversely affect the performance of the Company.

The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company. Both of these may adversely affect the performance of the Company.

It can take a number of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods. This may adversely affect the performance of the Company.

Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, 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.

Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in the Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of shares in the Company would become subject to tax and the Company would also lose its exemption from corporation tax on capital gains.

The Articles state that at the annual general meeting to be held in 2022, and at 5 year intervals, thereafter, an ordinary resolution will be proposed to the effect that the Company shall continue. If that resolution is not passed the Board shall within four months of such meeting convene a general meeting at which a special resolution for the re-organisation or reconstruction of the Company will be proposed and if that resolution is not passed a special resolution will be proposed requiring the Company to be wound up voluntarily. This could result in Shareholders losing the tax reliefs available for VCT shares.

If a Shareholder disposes of his or her Shares within five years of issue, he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed.

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

Any purchaser of existing Shares in the secondary market will not qualify for the then (if any) available tax reliefs afforded only to subscribers of New Shares on the amount invested.

The Company will only pay dividends on Shares to the extent that it has distributable reserves and cash available for that purpose. A reduction in income from the Company's investments may adversely affect the dividends payable to Shareholders. Such a reduction could arise, for example, from lower dividends or lower rates of interest paid on the Company's investments, or lower bank interest rates than are currently available.

VCT status will be withdrawn if a dividend is paid (or other forms of distribution or payments are made to investors) from share capital or reserves arising from the issue of shares within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

The Offer is conditional on the approval by Shareholders of Resolutions 1 and 3 to be proposed at the General Meeting. If these Resolutions are not approved, the Offer will be withdrawn and the expected benefits of the Offer will not be realised and the Company will be responsible for the costs of the Offer.

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 Company 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. These changes may mean that there are fewer opportunities for investment and that the Company may not be able to provide further investment funds for companies already in their portfolios. Whilst HMRC have stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if, after taking reasonable steps including seeking advice, a VCT considers that an investment is qualifying, violation of any of these conditions could result in the loss of VCT status by the Company or HMRC requiring rectification of the breach, which may mean the VCT is forced to dispose of the investment at a loss.

Risk factors relating to the Shares

The value of Shares can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any Share buyback policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV and there may be periods during a year where the Company will be prohibited from buying back Shares.

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 NAV) and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment.

Tax relief on subscriptions for shares in a VCT is restricted where, within six months (before or after) that subscription, the investor had disposed of shares in the same VCT or a VCT which at any time merges with that VCT, and where, in the case of a merger taking place after the subscription, it was known at the time of the subscription 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 New Shares at risk.

EXPECTED TIMETABLE, OFFER STATISTICS AND COSTS

Launch date of the Offer	10 May 2019
First allotments under the Offer	On or before 5 April 2020
Deadline for receipt of applications for final allotment in 2019/20 tax year	12 noon on 5 April 2020
Deadline for receipt of applications for final allotment in 2020/21 tax year	12 noon on 9 May 2020
Closing date of the Offer	9 May 2020

- The Offer will close earlier if fully subscribed. The Board reserves the right to close the Offer earlier and to accept Applications and issue New Shares at any time following the receipt of valid applications.

- The results of the Offer will be announced to the London Stock Exchange through a Regulatory Information Service provider authorised by the Financial Conduct Authority.

- Dealing is expected to commence in the New Shares within 10 business days of allotments and share and tax certificates are expected to be despatched within 14 business days of allotments.

- The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified through a Regulatory Information Service.

Offer Statistics

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

- The initial cost of the Offer is capped at 7.5%. Octopus has agreed to indemnify the Company against the initial costs of the Offer in excess of this amount.

LETTER FROM THE CHAIRMAN

Octopus Apollo VCT plc

33 Holborn
London
EC1N 2HT

10 May 2019

Dear Investor,

With net assets of £119 million as at 30 January 2019 spread across 51 companies, Octopus Apollo VCT plc remains one of the largest VCTs in the UK[1], bringing numerous benefits to both our Shareholders and the smaller companies we back. The Company aims to provide investors with a dividend yield of 5% based on the present NAV per Share through its portfolio of established UK smaller companies and by making new investments in younger companies with a proven commercial track record. In the 12 months to 30 January 2019, we have deployed £17.5 million of investments (with a further £11.2 million to 30 April 2019), £7.9 million in respect of dividends, £3.6 in respect of share buybacks and £3.4 in company expenses.

Shareholders have benefitted from the successful exit of several portfolio companies in 2016 and 2017 returning a total of £61.2 million to the Company. The Board took the decision to return most of this capital to investors in the form of two tax-free special dividends, for the amounts of 16.5p and 10.7p paid in 2016 and 2017 respectively. While the NAV of the Company decreased in line with the special dividends, Shareholders have benefitted from the return of capital, being able to invest elsewhere, or in the case of those Shareholders under the dividend reinvestment scheme (DRIS), being able to receive additional income tax relief.

In the two and half decades since VCTs were introduced, successive governments have shown continued support for the scheme. They have adjusted the rules around VCT investment to ensure that VCT money continues to be directed where it is needed the most. As investors will be aware, in 2015 and 2017, the Government enacted significant changes to the rules surrounding VCTs to ensure the capital was directed into smaller and younger high growth businesses.

For the Company, these changes had no impact on the existing portfolio. However, new investments have been made into companies that are typically younger than has been the case previously - less than seven years old from their first commercial sale (or less than ten years old for Knowledge Intensive Companies). The investment team has proven their ability to deploy funds under these rule changes and the Board are confident they will be able to deploy between £20-30 million in the 12 months to 31 January 2020 to support the future growth of the Company.

The Company has historically benefitted from the Manager's expertise in the energy sector, with current energy generating assets of approximately £22.4 million in the portfolio today. Since April 2016, no further investments in energy generation have been permitted and we expect this part of the portfolio to decrease over time as we look to exit the assets in the future. In 2016 Shareholders approved the merger with Octopus Eclipse VCT plc, which brought £21.6 million assets and 30 portfolio companies. The Merger has delivered several benefits to Shareholders, including being part of a larger, more diversified, portfolio, introducing efficiencies in annual running costs and enhancing the ability of the Company to raise funds, pay dividends and support buybacks.

There are 5.6 million small and medium enterprises in the UK and in 2015 it was reported that one in four high growth SMEs finding it difficult to attract funding[2] - that means there is a large pool of investment opportunities for Apollo. This means the Manager, which manages the Company, can be highly selective in choosing which companies to back. The investment team intends to invest via a combination of unsecured debt and equity, weighted more heavily towards equity, giving Shareholders access to a different risk-return profile compared to just equity. The team considers as many as 300 investments a year and only invests into around five to eight, typically investing between £2 million and £10 million. It is against this backdrop that we are delighted to offer you an opportunity to acquire new Shares in the Company.

Company performance

Since 31 January 2016, the Manager has delivered on a number of strong exits. These include Callstream, SCM World, CSL Dualcom, TSC, Clifford Thames Group and Vista. These exits enabled the Company to pay a special dividend of 16.5p per Share in 2016 and 10.7p per Share in 2017, in addition to the targetted 5% annual dividend yield, based on the present NAV per Share.

Five-year performance

Year to 31 January	2015	2016	2017	2018	2019
Annual total return	3.5%	2.9%	2.9%	2.2%	-0.8%
Annual dividend yield	5.8%	5.9%	26.1%	22.2%	6.1%
Total value	**113.3p**	**114.8p**	**117.2p**	**118.6p**	**118.2p**

The performance information above shows the annual total return, annual dividend yield and total value for the last five years to 31 January. The annual total return is calculated from the movement in NAV over the year to 31 January, and includes dividends paid over the year. The revised figure is divided by the NAV at the start of that year to get the annual total return. The annual dividend yield is calculated by dividing the dividends paid per annum by the NAV at the start of the period. Total value is calculated as the sum of the NAV per Share in pence and cumulative dividends per Share in pence for the last five years to 31 January. The NAV is the combined value of the assets owned by the Company after deducting the value of its liabilities (such as debts and financial obligations). Performance shown is net of all fees and costs. Past performance is not a reliable indicator of future results and may not be repeated. Investors should always keep in mind that VCTs put their capital at risk, and investors may not get back the full amount they invest.

The intention of the Board is to continue targeting payment of an annual 5% dividend yield based on the present NAV per Share, as has been the case since September 2012. No forecast or projection is to be implied or inferred.

Octopus Development Capital Team

Whilst the rule changes have created more complexity for the investment team to deal with, we remain confident in the investment team's ability to find suitable businesses for the Company's mandate, with attractive positions in their markets and a good commercial track record. Investing in a company's debt, as well as its shares, means there is a greater chance that the Company will get some of its money back if the business does not succeed. The equity holding also allows the Company to benefit from the capital growth if the underlying companies perform well.

The investment team typically looks for investment opportunities where the following apply:

- A business that has been operating for around four to ten years, that already sells a product or service and has therefore proven there is a market for it.
- A growing and diversified customer base, with a clear trajectory toward profitability.

- A clearly defined business model and a competitive edge. This may, for example, involve proprietary technology, industry-leading innovation or operating in a niche market.
- Annual revenue between £3-8 million, ideally recurring or contracted. This makes future revenues more predictable.
- A business whose customers are other businesses. These companies are usually able to retain their customers well.
- A strong management team with extensive industry experience.

Whilst the Company is providing much needed development capital to these companies, there is less potential for volatility than there might be in earlier stage companies which are yet to develop these traits. The mix of unsecured debt and equity also gives Shareholders access to a different risk-return profile in comparison to equity only investments.

The investment team has a proactive approach towards seeking new opportunities via desk-based research and through contacts in the accountancy, private equity and corporate finance community. They typically see around 300 potential investment opportunities per annum which they evaluate to see if they may suit the Company's investment mandate. The investment team uses a rigorous screening and due diligence process, including commissioning independent technical experts to supplement the research undertaken by the team. Investments also require the approvals of various independent committees within Octopus, as well as the Board.

The Offer

The Company is seeking to raise £20 million under the Offer, with an over-allotment facility of a further £10 million, subject to demand. The Offer is intended for investors looking for the potential to generate tax-free capital growth from a portfolio of around 50 investments into commercialised smaller UK companies.

The Offer is conditional upon the passing by the Shareholders of Resolutions 1 and 3 at the General Meeting to be held at 4.45pm on 11 July 2019 at 33 Holborn, London EC1N 2HT.

I would like to thank all of our existing Shareholders for their enduring support of the Company and the UK's small businesses and look forward to investing in the new Offer alongside you.

Yours sincerely

Murray Steele

Chairman
Octopus Apollo VCT plc

[1] *AIC stastitics page – Apollo is the 9th largest VCT as at 31 January 2019*
[2] *High Growth Small business report 2018, Octopus. High Growth Small business report 2015, Octopus*

PART ONE: THE OFFER

Introduction to the Offer

VCTs were introduced by the UK Government in 1995 to encourage individuals to invest in UK smaller companies. According to the Association of Investment Companies (AIC), £731 million was invested in VCTs in the 2018/2019 tax year, the second highest amount since VCTs' inception.

An investment under the Offer will provide individuals with exposure to a diversified portfolio of unquoted smaller companies with the aim of generating returns over the medium to long-term. The net proceeds of the Offer will be invested in accordance with the Company's investment policy, as set out below.

The Company is seeking to raise £20 million under the Offer, with a £10 million over-allotment facility subject to demand. Both new and existing investors can apply for New Shares, which will rank equally with the existing Shares. As such, all investors are accessing a well-established portfolio. The Offer Price will be based on the most recently published NAV of a Share at the date of allotment. Multiple applications are permitted.

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

The Offer is conditional upon the passing by Shareholders of Resolutions 1 and 3 at the General Meeting.

Terms of the Offer

The full terms and conditions applicable to the Offer are set out on pages 63 to 68.

Use of funds

The aggregate net proceeds of the Offer, assuming a £30 million subscription and the maximum initial charge, will be £27.75 million.

The funds raised under the Offer will be invested in accordance with the Company's investment policy. Some of the funds raised will be used to invest into new portfolio companies and some will be used to further support the Company's existing portfolio.

Intermediary Charges

Details are set out in the Terms and Conditions of the Offer on pages 63 to 68.

Investment Policy

The Company's Investment Policy is as follows.

The Company's investment policy is designed to enable the Company to comply with the VCT qualifying conditions. It is intended that the long-term disposition of the Company's assets will be not less than 80% in a portfolio of unquoted investments and up to 20% in cash or near cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks.

Investments are structured using various unquoted investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the venture capital legislation. The portfolio is diversified by investing in a broad range of industry sectors and by holding investments in companies at various stages of maturity in the corporate development cycle, within the confines of the VCT legislation. The normal investment period is in the range from three to seven years. Any uninvested funds are typically held in cash, money market funds and OEICs.

Risk is further spread by investing in a number of different businesses within different industry sectors using a variety of securities. The maximum amount invested in any one company is limited to HMRC annual investment limits and, generally, no more than 15% of the Company's investments, at cost, are invested in the same company.

The value of individual investments is expected to increase over time as a result of trading progress and a continuous assessment is made of investments suitability for sale. The Company's VCT qualifying investments are held with a view to long-term capital growth as well as income generation 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. Investments are made using shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

Tax Benefits for Investors

VCTs are Government-led investment vehicles designed to incentivise investors for supporting smaller, higher-risk companies. Qualifying investors are entitled to claim a number of tax incentives on investments up to £200,000 each tax year (as more fully set out in Part Two of this document). These include:

- Income tax relief – investors can claim 30% upfront income tax relief on the amount invested, provided Shares are held for at least five years. For example, with an investment of £10,000, £3,000 can be taken off your income tax bill although the amount of income tax relief you claim cannot exceed the amount of income tax due.

- Tax-free dividends and capital gains - meaning that any growth in the portfolio value is not subject to tax.

Dividend Policy and Dividend Reinvestment Scheme

VCTs are only able to make dividend payments from distributable reserves. These distributions are not subject to any further tax to Qualifying Subscribers. In order to qualify as a VCT, the Company may not retain more than 15% of the income it receives from shares and securities.

The amount of these dividends depends, amongst other things, on the level of income and capital returns generated by the Qualifying Investments, the performance of the non-Qualifying Investments and the amount raised by the Offer. In the medium to long-term the size of dividends paid to Shareholders will depend largely on the level of profits realised from the disposal of investments.

The Company is targeting a regular annual dividend in order to retain its historic 5% dividend yield based on the present NAV per Share. The Company has adopted a Dividend Reinvestment Scheme 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 Scheme should obtain the usual VCT tax advantages as set out above. The terms and conditions of the DRIS are set out in Annex I to this document. Please note that these terms and conditions will be amended to confirm that Shareholders who participate in the DRIS through a financial adviser or execution-only broker will not be subject to any ongoing charge for Shares issued through the DRIS.

Investors under the Offer may elect to participate in the Dividend Reinvestment Scheme 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. Participation in the Dividend Reinvestment Scheme 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 Board also intends to continue to consider repurchasing Shares of up to 14.99% of its share capital for the purposes of the general buyback policy. The Board believes that it is in the best interests of the Company and the Shareholders to make occasional market purchases of the Shares, to allow any Shareholders who need to sell their Shares to do so and to reduce to a degree any discount to NAV in the current market price than might otherwise prevail. The Board will agree the discount to NAV at which Shares will be bought back and regularly reviews the buyback policy. The Board's current policy is to buy back shares at a 5% discount to NAV.

Any future repurchases will be made in accordance with guidelines established by the Board from time to time and will be subject to having the appropriate authorities from Shareholders and sufficient funds available for this purpose. All buybacks are subject to the discretion of the Board. There may, however, be periods during a year where the Company will be prohibited from buying back Shares and which may include the periods of up to four months after its financial year end and up to three months after its half year end. Share buybacks will also be subject to the Listing Rules and any applicable law at the relevant time. Shares bought back in the market will ordinarily be cancelled.

The Board

The Board comprises four directors who are independent of Octopus. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Board has wide experience of investment in both smaller growing companies and larger quoted companies.

Murray Steele (Chairman)

Murray was appointed as Director and chairman of the Company on completion of the Merger on 27 September 2012. Murray has had a broad range of experience as a director of a number of companies. At present he is Chairman of Surface Generation Limited, a hi-tech engineering company, and a non-executive director of James Walker Group, an international engineering group with revenues of £200 million. Murray has Bachelor's and Master's degrees in mechanical engineering from the University of Glasgow, an MBA from Cranfield School of Management and holds an accounting qualification. Murray was formerly a director of Octopus Apollo VCT 4 plc which was placed into members voluntary liquidation on 28 September 2012 following the Merger and was dissolved on 15 April 2014.

Christopher Powles

Chris was appointed as a Director on 28 September 2012 upon the Merger on 27 September 2012. Chris has extensive experience in the UK smaller companies sector. He was the principal founder of *Pi* Capital, a private client fund management company that specialised in investing in smaller unquoted companies. Prior to selling his stake in *Pi* Capital in 2002 he led the investment of more than £25 million into 14 companies. Subsequently, he was the finance director of an AIM-traded company, as well as a non-executive director of both listed and private companies. Currently, he is involved in renewable energy, being a director of two companies in that sector. Chris is a chartered accountant, having qualified at what is now part of PricewaterhouseCoopers LLP, and has a BA Hons degree from Oxford University. Chris was formerly a director of Octopus Apollo VCT 4 plc which was placed into members voluntary liquidation on 28 September 2012 following the Merger and was dissolved on 15 April 2014.

James Otter

James was formerly chairman of Octopus VCT plc and became a Director upon the merger of Octopus VCT plc and the Company in November 2014. James was also a director of Hygea VCT plc, which specialises in investing in early stage bioscience companies. He had led several Hygea investees as CEO. He is currently working on projects in the growing area of health IT. Previous positions include being a main board director of Spectris plc, working on a turnaround project in Denmark, and a director of Glide Pharmaceutical Technologies Limited. The bulk of his career was spent in international commercial roles with Zeneca Agrochemicals (formerly ICI and now Syngenta). James has an MBA from INSEAD and a degree in Natural Sciences from Cambridge.

Alex Hambro

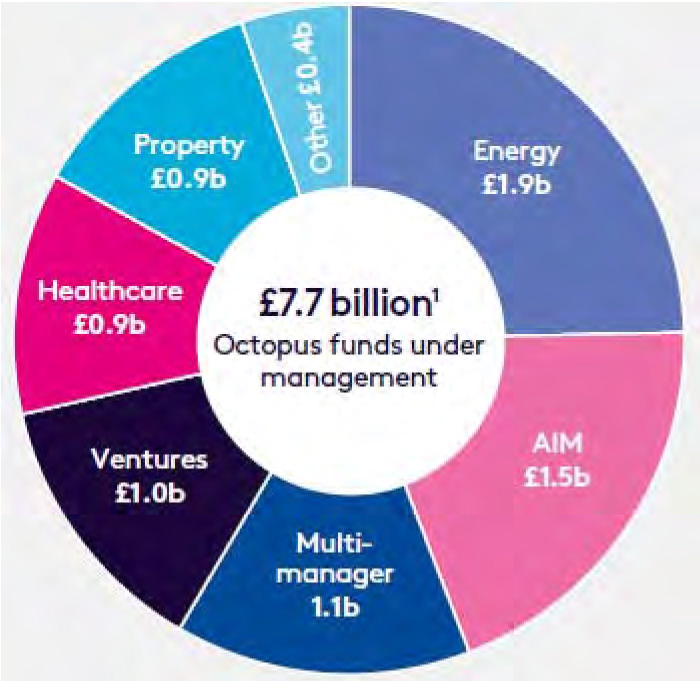
Alex became a Director on 19 December 2016. He had previously been chairman of Octopus Eclipse VCT plc since 1 February 2014 having been appointed as a director of that company on 1 November 2012. He was also a non-executive director of Octopus Eclipse VCT 4 plc and Gresham House Renewable Energy VCT 2 plc (formerly Hazel Renewable Energy VCT2 plc). Alex has spent the last 25 years in the venture capital and private equity sector, much of this time at Hambros plc and associated organisations. As a director of Hambro Group Investments, he was responsible for the establishment and operations of the Hambro Private Equity Group, which sponsored nine fund managers in the UK, Europe, the US and Australia. Since leaving Hambros in 1999, he has assisted several venture capital organisations with their fundraising and marketing programmes and has acted as a consultant to a number of investors on their venture capital investment strategies. Alex is Chairman of Judges Scientific Plc and Falanx Group plc and a non-executive director of Hertsford Capital plc and a small portfolio of private companies.

The Octopus Development Capital Team

Octopus Investments Limited was launched in 2000 by three founders who wanted to create an investment company that put its customers first. Today it has more than 750 employees and £7.7 billion in assets under management (Source: Octopus investments Limited, March 2019). It has tens of thousands of clients and has built market-leading positions in tax-efficient investment, smaller company financing, renewable energy and healthcare. Octopus launched its first VCT in 2002 and is now the UK's largest VCT manager, managing over £1 billion of VCT money on behalf of over 30,000 investors (Source: Octopus Investments Limited, March 2019).

Members of the team are frequently appointed as non-executive directors and sit on the boards of the companies they work with. This allows them to play a prominent role in each company's ongoing development, and ensures the team can closely monitor the company's progress while offering continued support to the business.

The Company's investment team is supported by the Octopus Investment Committee, which provides a further layer of independent challenge and insight to the team's investment decisions. The Committee is formed of senior investment professionals that are independent of the Company's investment team.



The Company's investment team comprises:

Richard Court, Head of Development Capital

Richard joined Octopus in 2017 and heads the Octopus Development Capital Team. He is the fund manager for the Octopus Apollo VCT and is a member of the Investment Committee. He is also responsible for transacting new investments as well as sitting on a number of portfolio company boards. He has debt and equity investment experience across a wide range of sectors and business sizes. Before joining Octopus, Richard has been an investor in UK and international SMEs since 2006. He spent 2 years with TPG's direct lending fund and 5 years at RJD Partners, a UK-focused Private Equity fund. He also worked at Dresdner Kleinwort in the Debt Principal Finance group. He qualified as a chartered accountant with PricewaterhouseCoopers and holds a first-class degree in Banking and Finance from the University of Birmingham.

Ian Potter, Investment Director

Ian joined Octopus in 2013 and is responsible for making new investments, monitoring portfolio companies and fundraising for the Octopus Development Capital Team. He has investment and non-executive director experience across a wide range of sectors. Before joining Octopus, Ian spent over 8 years in Leveraged Finance at RBS, including experience in origination and structuring, portfolio management, secondary market execution, structured credit and restructuring activity. Ian also worked at Ernst & Young in the Transaction Advisory Services group. He is a qualified chartered accountant and holds a Bachelor of Commerce degree from the University of Ottawa (Canada).

Paul Davidson, Investment Manager

Paul joined Octopus in 2017 and is a member of the Octopus Development Capital Team. He has responsibility for originating and making new investments, monitoring portfolio companies and supporting fundraisings. He represents Octopus as a non-executive on several boards including Healthcare & Services Technology and Ubisecure. Prior to joining Octopus, Paul spent almost seven years at RBS, latterly as a Director within the Leveraged Finance team undertaking origination and execution of private equity management buyouts. His experience also includes transacting public-to-private takeovers, acquisition finance, and cross border mergers.

Paul has a First-Class BA (Hons) degree in Economics & Finance from the University of Manchester, holds an MSc in Banking & International Finance from Cass Business School, and is a qualified Chartered Financial Analyst.

Edward Keelan, Investment Manager

Edward joined Octopus in 2008 and is a member of the Octopus Development Capital Team. He has responsibility for originating and making new investments, monitoring portfolio companies and supporting fundraisings. He represents Octopus as non-executive on a number of boards including Countrywide Healthcare Supplies and Anglo European Steel. During his investment career at Octopus Edward has worked within a number of sectors including Energy, Sport and UK SMEs. Prior to joining Octopus, Edward spent almost four years at KorteQ, a new business consultancy spun out of Rolls-Royce Aerospace where he'd started his career as a Commercial Officer. Edward holds the Post Graduate Diploma in Financial Strategy from Oxford University, Said Business School and is currently studying for an Executive MBA at the same institution. He graduated from Hertford Business School, University of Hertfordshire with a first-class honours degree and subsequently gained the Investment Management Certificate, the Certificate in Discretionary Investment Management and the Diploma in Financial Planning.

Uthish Ranjan, Investment Manager

Uthish joined Octopus in 2018 and is responsible for originating and transacting new investments, monitoring portfolio companies and supporting fundraisings. Before joining Octopus, Uthish worked in the Financial Sponsors (private equity advisory) team at Barclays Investment Bank. Whilst at Barclays, he advised on and executed M&A and leveraged finance transactions across a wide range of sectors including business services, healthcare, retail, real estate and TMT. He has also previously worked as a private equity and growth capital investor focusing on the Middle East and Southeast Asia. Uthish graduated with a degree in Electrical and Electronic Engineering from Imperial College London.

Charles Street, Investment Associate

Charles joined Octopus in 2013 and is responsible for originating and transacting new investments, monitoring portfolio companies and fundraising for the Octopus Development Capital Team. Since joining, he has worked on SME growth capital and buyout transactions across a range of sectors and industries, and he currently sits on several boards. Charles has an MA from the University of Cambridge.

Richard Bolton, Investment Associate

Richard joined Octopus in 2018 and is a member of the Octopus Development Capital Team. He has responsibility for originating and making new investments, monitoring portfolio companies and supporting fundraisings. Prior to joining Octopus, Richard spent two years at Northleaf Capital Partners, a global private markets investor, and three years at KPMG in the Corporate Finance team. He is a qualified chartered accountant and holds a degree in Management from the University of Manchester.

Management Remuneration

Full details of the Manager's remuneration are set out at paragraph 8.4 of Part Five.

How Apollo invests

Apollo invests in proven businesses. That means businesses that have already brought their product or service to market successfully, have won and retained customers and are growing their customer base. Apollo invests through a mixture of debt and equity. This mix means investors get access to a different risk-return profile compared to a equity only investment, while looking to target an annual tax-free dividend of 5% based on the present NAV per Share.

Apollo launched in 2006, and now has a diverse portfolio of around 50 UK smaller VCT-qualifying companies. The investment team provides funding to support companies on the next part of their journey and accelerate them to profitability. There are 5.6 million small and medium enterprises (SMEs) in the UK. In 2015 it was reported that one in four high growth SMEs find it difficult to find funding (Source: High Growth Small business report 2015, Octopus). That means there is a large pool of investment opportunities for Apollo.

This ability to look at plenty of investment opportunities – what investment managers call 'deal-flow' – is really important to a VCT's success. It means the investment team, which manages Apollo, can be highly selective in choosing which companies to back. The team considers as many as 300 investments a year and only back around five to eight. They make big, high conviction investments in the companies they support, typically investing between £2 million and £10 million.

What do we mean by a proven business?

Many business reach a stage in their development where they look for external investment to accelerate their next phase of growth. Apollo likes to invest in companies that have already brought a product or service to market, and which have a growing, diversified customer base. The idea is to provide it with capital to accelerate growth and get to profitability.

The investments Apollo makes usually go towards increasing sales and marketing efforts, or to help the business expand to new geography (straightforward, perhaps even boring, but the absolute "sweet spot" of where Apollo wishes to invest). VCTs are high risk investments which put investors' money into smaller businesses. The Board believes a company is more likely to be successful if it has already proved there is a market for what it does and has a growing base of paying customers.

Many of the companies the investment team invest in sell to other businesses. That often means their revenues are contracted and recurring, which makes them more predictable. These companies usually become part of the fabric of their customers' businesses. By becoming irreplaceable to customers, they generate so-called sticky revenues, and can be confident a customer will continue to buy from them.

Apollo offers flexibility

Followers of television's Dragons' Den will know that whilst the owners of a business get an offer from someone who could be a valuable ally in growing their business, unfortunately this sometimes means they have to give away a large stake in the business, which comes at too high a price and they turn the investor down. For very early stage companies this might make sense, but for more proven businesses they don't need to give away as much.

Apollo offers flexibility. Not only can the investment team add value to a business and help them on their growth journey, but Apollo tends to take a smaller stake in the business. Owners and management don't lose significant ownership, which maintains their incentive to work hard and make the business a success. As well as buying equity stakes in businesses, the investment team also fund companies through unsecured debt. This mix of funding gives investors in Apollo access to a different risk-return profile than they would get from just equity.

The team and opportunities

The Octopus Development Capital Team (who manage Apollo) are made up of people with a wide range of knowledge gained from their work across various different industries. Members of the team are experienced at evaluating and investing in many different types of business. With backgrounds in both equity and lending, the team is well positioned to find and manage the types of investment Apollo makes.

The team uses this experience to support companies after the investment is made. This support includes strategic guidance, with a member of the team usually sitting on a company's board. This puts them in a position to help a company hire key staff, make valuable introductions to consultants or otherwise help them solve the sort of problems they have seen other companies go through as they grow.

Of course, making a new investment is a rigorous process. As well as conducting their own analysis, the team engage external specialists as part of their due diligence process on every deal considered. The process starts with finding potential deals. Their network includes corporate financiers who introduce the team to businesses that are seeking funding. If a deal looks like it has potential, the team have an initial meeting with the company's management to see if the business meets their standards. If they are happy, then they will bring in external experts to dig deeper into the company.

The external due diligence helps the team test the investment case. It gives an independent view on a company's financial strength, the quality of its technology and other factors that can determine whether a company will succeed. There are two major benefits to this process. The due diligence process often reveals improvements a business can make that will increase its chance of success. When the investment is made, the team can use this information to make sure there is an immediate focus on improvements. In other cases, the process has uncovered areas of concern and Apollo has walked away from the deal.

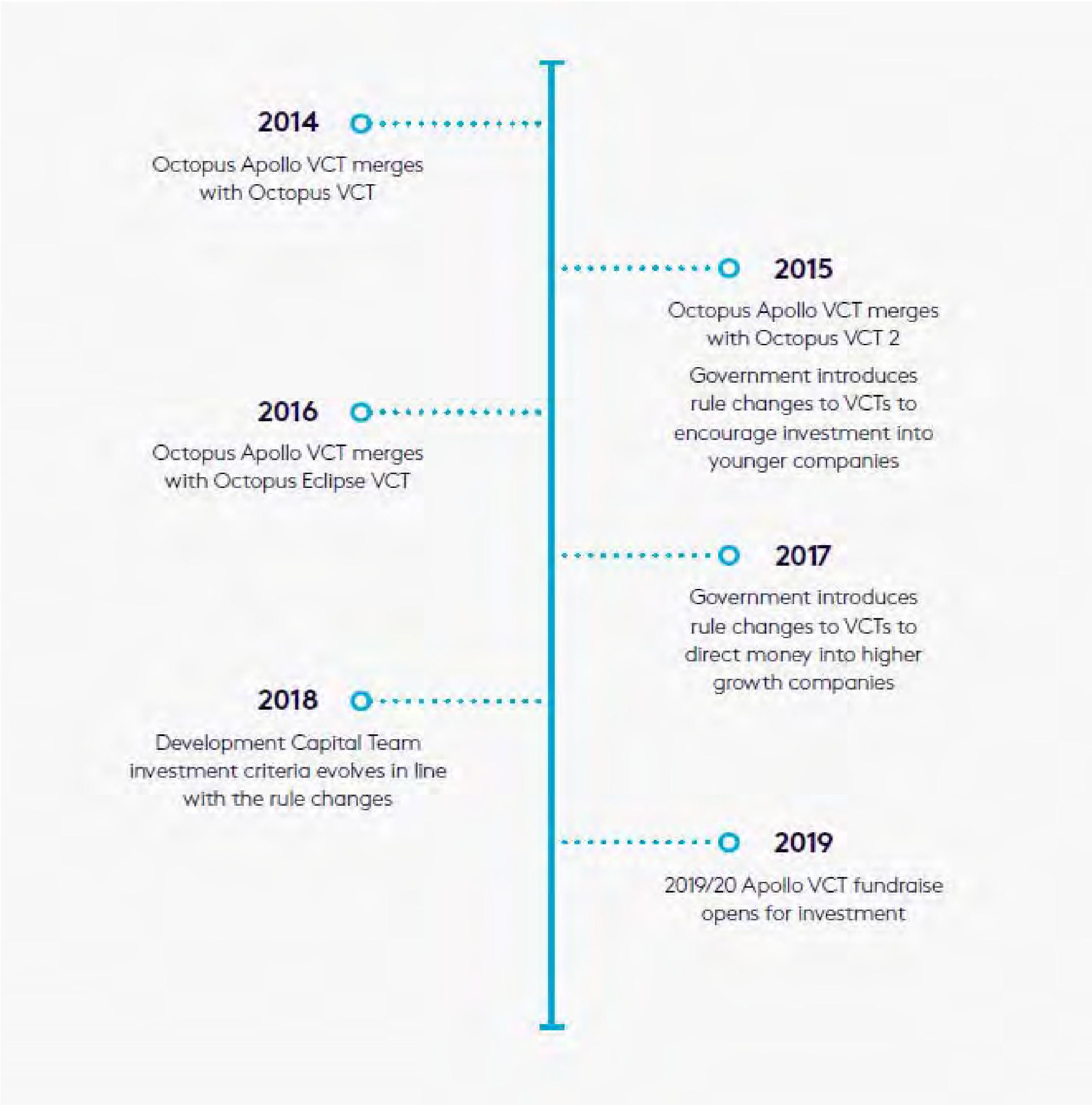
Part of the UK's largest VCT manager

Octopus manages over £1 billion across its VCTs. That's around a quarter of the money managed by all the VCTs in the industry. Apollo is able to draw on all that experience in the way it is managed. For example, the investment team will consult with teams that manage other Octopus VCTs to share knowledge, including how they have solved problems faced by the companies they invest in.

Octopus has a high profile in the venture capital industry, which acts as a magnet for attractive deals. Sometimes an Octopus investment team will pass a potential deal to another Octopus managed VCT to see if the company seeking investment would be a better fit for that portfolio.

The combined experience of the Octopus investment committee (which every Apollo deal goes through) adds up to more than 120 years. The committee, which is independent of Apollo's management team, brings that experience to bear when reviewing potential investments, scrutinising each deal in careful detail. This is part of the investment team's highly selective process, by which they whittle down promising deals and only invest in the most compelling and relevant ones for the Apollo mandate.

Apollo timeline



Performance History

Apollo targets capital growth from a portfolio of proven UK businesses. However, like most VCTs, rather than increasing the value of it shares, it aims to return this investment performance back to Shareholders in the form of tax-free dividends. It targets a dividend yield of 5% per year based on the present NAV per Share as well as offering investors the potential for special dividends, although these are not guaranteed. Since its launch in 2006, it has announced total cumulative dividends of 71.1p per Share to investors.

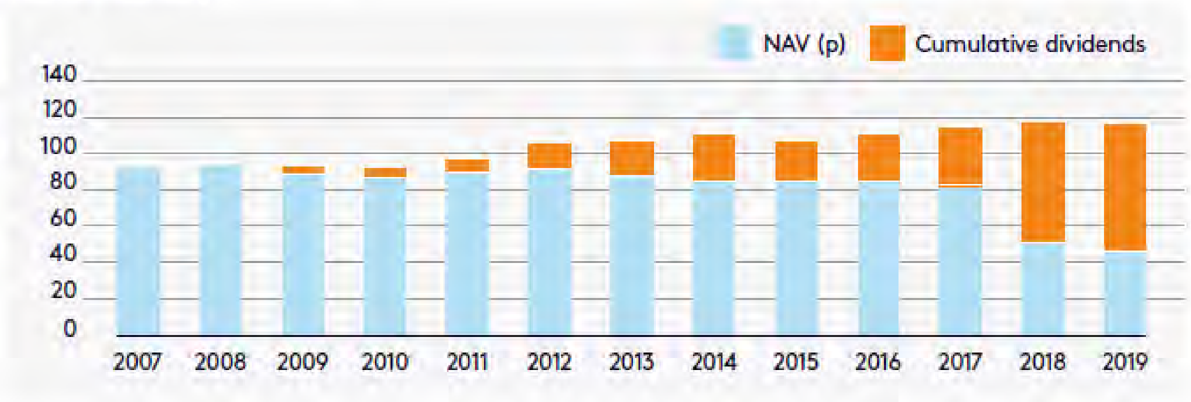
Five-year performance

Year to 31 January	2015	2016	2017	2018	2019
Annual total return	3.5%	2.9%	2.9%	2.2%	-0.8%
Annual dividend yield	5.8%	5.9%	26.1%	22.2%	6.1%
Total value	113.3p	114.8p	117.2p	118.6p	118.2p

The performance information above shows the annual total return, annual dividend yield and total value for the last five years to 31 January 2019. The annual total return is calculated from the movement in NAV over the year to 31 January, and includes dividends paid over the year. The revised figure is divided by the NAV at the start of that year to get the annual total return. The annual dividend yield is calculated by dividing the dividends paid per annum by the NAV at the start of the period.Total value is calculated as the sum of the NAV per Share in pence and cumulative dividends per Share in pence for the last five years to 31 January. The NAV is the combined value of the assets owned by the Company after deducting the value of its liabilities (such as debts and financial obligations). Performance shown is net of all fees and costs.

Performance since inception

Year to 31 January



Example Investments

HAS Technology Group ("HAS")

HAS provides technology solutions that are transforming the global care industry.

HAS helps the care industry provide better care. One of their products, ARMED (Advanced Risk Modelling for Early Detection), involves cutting-edge wearable technology that alerts carers to risk earlier. This reduces the number of falls and hospital admissions. Not only does this mean improved quality of life for those in care, it means a care provider can reduce costs and redirect these savings into areas that really make a difference.

It's a similar story with their software products, such as Ezitracker. These allow for remote workforce management, including staff scheduling, payroll automation and business reporting. These offer significant cost savings that allow their customers to focus on providing care. The Company invested in HAS in 2015. Since then, the company has grown to operate globally, with offices in New Zealand and Australia. Its products are now relied on by more than 70 government agencies and over a thousand private and third sector organisations.

A few things about HAS:

- The management team has deep sector expertise, including an Executive Chairman introduced by the Octopus Development Capital Team.
- HAS benefits from the global trend of an ageing population. This trend has driven growth in the care industry and growth in the need for their products.
- The products work seamlessly with other business critical software. This gives HAS a competitive edge and makes it less likely customers will leave.

Natterbox
Cloud telephony helps growing businesses handle more calls from customers.

If you're a rapidly growing business and you want more customers to be able to call you, how do you handle the extra calls?

There was a time when a company would have to go to the likes of British Telecom and get some more physical hardware installed on their premises. This was both costly and time consuming. Then came call centres. They were an improvement, but companies still needed to invest in a lot of expensive telecoms equipment and systems.

Natterbox helps businesses increase their call handling capacity at a fraction of the cost and hassle. For businesses that are growing rapidly, Natterbox offers a phone system that can keep up with them, using cloud telephony. All the operators need is a headset, a laptop and an internet connection and they can start handling calls. One of the advantages of cloud telephony is that adding to a system is a matter of clicks, rather than new equipment, hardware or software. That saves Natterbox customers time and money.

Natterbox is unique in this space because its offering works seemingly with the customer relationship management software (known as CRM) that customers already use. Among these customers are big names, such as Detsche Bank, Legal & General, Groupon and Majestic Wine. Natterbox now has contracts with over 600 customers across 42 countries, operating from Europe, the US and Asia Pacific.

City Pantry
City Pantry brings food from existing local caterers and restaurants direct to offices. It serves more than 20,000 meals every week to the employees of more than 700 companies, including the likes of Google, Amazon and PayPal.

Ubisecure
Ubisecure provides customer identity and access management software to financial institutions, the public sector and consumer market.

Rotolight
Rotolight is a specialist LED lighting business. It develops and sells patent-protected lighting products to photographers, filmmakers and broadcasters.

TRI
TRI is a provider of risk-based monitoring software and services for clinical trials to contract research organisations in the life sciences sector.

Veeqo
Veeqo helps online retailers sell and ship their products. Its inventory management software is tailored to the needs of the e-commerce retail sector.

Countrywide Healthcare
Countrywide Healthcare supplies healthcare and cleaning products, as well as furniture and bedding, to some of the biggest names in the UK's growing care home sector.

Conflicts of interest
Octopus has built strong relationships with many of the companies in which the Company invests, and sometimes uses different sources of funding to invest in the same companies. This can present 'conflicts of

interest', as explained below. With these relationships, there's a chance that the interests of one group of investors will be at odds, or present a conflict, with the interests of another group or with the interests of Octopus. Conflicts of interest are sometimes unavoidable. In the first instance, Octopus will look to prevent them but if they can't will take action to manage, or mitigate, any effects.

The Company's investment team may sometimes invest in other Octopus managed funds.

The Company often places an Octopus employee on the board of the companies it invests in, either as an observer or a director. This means the Company is able to closely monitor the investment we've made on behalf of the Company's investors. It does, however, mean that as company directors, those employees have obligations to all shareholders of the company, and not just the Company's investors.

Octopus may receive fees from the companies that the Company invests in (for example, when making or selling an investment in a company, as well as for appointing a representative to the board of directors). The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus.

Octopus has a number of controls in place to manage conflicts of interest on behalf of investors where it can't be avoided:

• Octopus' investment committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed when they cannot be avoided as well as being responsible for the allocation policy.

• In cases where there are a large number of conflicts of interest or they are particularly significant, proposals are reviewed by Octopus' conflicts committee, which is responsible for ensuring conflicts are handled appropriately, and whose members are independent of the Octopus Development Capital Team and Apollo.

• As the Company is a publicly listed company, the Board is required to act independently and represent Shareholders' best interests at all times, and which is ultimately responsible for ensuring the investment objectives and policy of Apollo are carried out.

PART TWO: TAX BENEFITS AND CONSIDERATIONS FOR INVESTORS

General

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

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

The tax reliefs set out below are available to individuals aged 18 or over who receive New Shares and where the New Shares acquired are within the investor's annual £200,000 limit. The reliefs are not available for investments in excess of £200,000 per tax year.

The Company has obtained approval as a VCT under Chapter 3 of Part 6 ITA 2007.

The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT.

Tax Position of Investors under the Offer

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 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 Offer in each of 2019/20 and 2020/21 tax years. The relief is subject to an amount which reduces the investor's income tax liability for the tax year to nil. Each application creates an entitlement to income tax relief of 30% of the amount invested. To retain that relief the New Shares have to be held for 5 years.

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

	Effective 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

Tax relief on subscriptions for shares in a VCT is restricted where, within six months (before or after) that subscription, the investor had disposed of shares in the same VCT or a VCT which at any time merges with that VCT, and where, in the case of a merger taking place after the subscription, it was known at the time of the subscription 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 New Shares at risk.

1.2 Dividend relief
Dividends paid on ordinary shares in a VCT are free of income tax. VCT status will be withdrawn if 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.

1.3 Withdrawal of relief
Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period. 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 respect of profits or gains 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 Company will provide each investor with a tax certificate which the investor may use to claim income tax relief. To do this, an investor must either obtain a tax coding adjustment from HMRC under the PAYE system, or wait until the end of the tax year and use their self assessment tax return to claim relief. Depending on their own circumstances, an investment in a VCT may enable self-employed investors to apply to reduce their payments on account.

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

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

(i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);
(ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15%, by value, of the VCT's total investments at the time of investment;

(iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period;
(iv) the VCT must not be a close company. Its ordinary share capital must be listed on a regulated European market by no later than the beginning of the accounting period following that in which the application for approval is made;
(v) at least 70% (80% from 1 February 2020), by value, of its investments is represented by shares or securities comprising Qualifying Investments;
(vi) for share issues on or after 1 February 2019, at least 30% of the funds from those share issues must be invested in qualifying holdings by the anniversary of the accounting period in which those shares were issued.
(vii) for funds included in the requirement at (v) above, excluding investments made before 6 April 2018 from funds raised before 6 April 2011, at least 70%, by value, of the VCT's Qualifying Investments must be in "eligible shares", that is ordinary shares which carry no preferential rights to assets on a winding up and no rights to be redeemed although they may have certain preferential rights to dividends so long as that right is non cumulative and is not subject to discretion;
(viii) the VCT must not make an investment in a company which causes that company to receive more than £5 million of State Aid investment in the 12 months ending 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 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 for Knowledge Intensive Companies) of 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 Company in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous Risk Finance State Aid was received by the company within 7 years (10 years for a Knowledge Intensive Company) or where the company is entering a new product market or a new geographic market and a turnover test is satisfied;
(xii) no funds received from an investment into a company can be used to acquire shares in another company nor 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 exist wholly or mainly for the purpose of carrying on one or more qualifying trades. The trade must be carried on by, or be intended to be carried on by, the investee company or a qualifying subsidiary at the time of the issue of the shares or securities to the VCT (and by such company or by any other subsidiary in which the investee company has not less than a 90% interest at all times thereafter). A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter. The definition of a qualifying trade excludes 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, operating or managing hotels or guest houses, generation of electricity, power or heat, production of fuel, nursing and residential care homes. The funds raised by the investment must be used for the purposes of the qualifying trade within certain time limits.

A qualifying investment can also be made in a company which is a parent company of a trading group where the activities of the group, taken as a whole, consist of carrying on one or more qualifying trades. Investee companies must have a permanent establishment in the UK. The investee company cannot receive more than £5 million (£10 million for a Knowledge Intensive Company) from VCTs or other State Aid investment sources during the 12 month period which ends on the date of the VCT's investment. The investee company's gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter. The investee company must have fewer than 250 employees or 500 employees in the case of a Knowledge Intensive Company. Neither the VCT nor any other company may control the investee company. At least 10% of the VCT's total investment in the investee company must be in eligible shares, as described above. The company cannot receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime. The company's first commercial sale must be no more than 7 years (10 years for a Knowledge Intensive Company) prior to the date of the VCT's investment, except where previous Risk Finance State Aid was received by the company within 7 years or where a turnover test is satisfied. Funds received from an investment by a VCT cannot be used to acquire shares in another company nor 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 a Qualifying Company has long term growth plans and that the investment made by the VCT is 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 RELATING TO THE COMPANY

Audited financial information relating to the Company is published in the annual reports for the years ended 31 January 2017, 31 January 2018 and 31 January 2019. The annual reports referred to above for the years ended 31 January 2017 and 31 January 2018 were audited by James Cowper Kreston Grant Thornton UK LLP of 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford OX4 2WB and the annual report referred to above for the year ended 31 January 2019 was audited by BDO LLP of 55 Baker Street, London W1U 7EU. All reports were without qualification and contained no statements under section 498(2) or (3) of the CA 2006. All reports were prepared in accordance with Financial Reporting Standard 102. The annual reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and the pages of these referred to below are being incorporated by reference and can be accessed at the following website:

www.octopusinvestments.com

Where these documents make reference to other documents, such other documents, together with those pages of the annual reports that are not referred to below, are not relevant to investors and are not incorporated into and do not form part of this document.

Such information includes the following:

Description	**31 January 2017** __Annual Report__	**31 January 2018** __Annual Report__	**31 January 2019** __Annual Report__
Balance Sheet	Page 37	Page 36	Page 36
Income Statement (or equivalent)	Page 36	Page 35	Page 35
Statement showing all changes in equity (or equivalent note)	Page 38	Page 37	Page 37
Cash Flow Statement	Page 40	Page 39	Page 38
Accounting Policies and Notes	Pages 41-56	Pages 40-55	Pages 39-53
Auditor's Report	Pages 33-35	Pages 31-34	Pages 30-34

The Company and the Directors confirm that the Company's most recent two years' financial information (having been prepared under Financial Reporting Standard 102) has been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements.

Such information also includes operating/financial reviews as follows:

Description	31 January 2017 Annual Report	31 January 2018 Annual Report	31 January 2019 Annual Report
Performance Summary	Page 1	Page 1	Page 1
Results and Dividends	Page 6	Page 5	Page 4
Investment Policy	Page 2	Page 2	Page 2
Outlook	Page 5	Page 4	Page 3
Manager's Review	Page 9	Page 8	Page 7
Portfolio Summary	Page 10	Page 10	Page 9
Business Review	Page 6	Page 5	Page 4
Valuation Policy	Page 10	Page 10	Page 9

As at 31 January 2019, the date to which the most recent audited financial information on the Company has been drawn up, the audited NAV per Share was 47.1p.

PART FOUR: INVESTMENT PORTFOLIO OF THE COMPANY

The Company

The investment portfolio of the Company as at the date of this document is as follows (the valuations being the audited valuations as at 31 January 2019 and representing UK companies and 72.7% of the NAV of the Company as at 31 January 2019):

Investments	Sector	Investment cost as at 31 January 2019 (£'000)	Movement in fair value to 31 January 2019 (£'000)	Fair Value as at 31 January 2019 (£'000)	Debt/Equity
Healthcare and Services Technology Limited	Healthcare	7,186	1,196	8,382	Debt & equity
Natterbox Limited	Technology & Communications	4,990	410	5,400	Debt & equity
Anglo European Group Ltd	Manufacturing	5,000	96	5,096	Debt & equity
Countrywide Healthcare Supplies Holdings Limited	Healthcare	2,675	2,292	4,967	Debt & equity
SimplyCook Limited	Consumer Products	4,500	-	4,500	Debt & equity
Coupra Limited	Information Technology	5,000	(1,013)	3,987	Debt & equity
City Pantry Ltd	Travel & Leisure	3,148	307	3,455	Debt & equity
Kabardin Limited	Power	2,450	760	3,210	Equity
Dyscova Limited	Healthcare	4,700	(1,626)	3,074	Debt & equity
Tanganyika Heat Limited	Anaerobic digestion	4,108	(1,372)	2,736	Debt & equity
Other		43,723	(1,992)	41,731	
Total		87,480	(942)	86,538	

Since 31 January 2019 there have been 6 acquisitions, the investment cost of which totalled £11.2 million, and no disposals.

PART FIVE: ADDITIONAL INFORMATION RELATING TO THE COMPANY

1 INCORPORATION

1.1 The Company was incorporated and registered in England and Wales on 7 June 2006 under the CA 1985 with registered number 05840377 as a public company limited by shares.

1.2 On 14 July 2006, the Registrar of Companies issued the Company with a certificate under Section 117 of the CA 1985 entitling it to commence business.

1.3 Octopus was incorporated and registered in England and Wales on 8 March 2000 under the CA 1985 with registered number 03942880 as a private company limited by shares. The address and telephone number of Octopus' registered office is at 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. Octopus is authorised and regulated by the Financial Conduct Authority.

2 REGISTERED OFFICE AND PRINCIPAL LEGISLATION

2.1 The registered office of the Company is at 33 Holborn, London EC1N 2HT and its telephone number is 0800 316 2295.

2.2 The Company is authorised and regulated by the FCA as a self managed alternative investment fund.

2.3 The principal legislation under which the Company operates and which governs its shares is the Acts and regulations made thereunder.

3 SHARE AND LOAN CAPITAL

3.1 On the incorporation of the Company, two ordinary shares were issued nil paid to the subscribers to the memorandum of the Company, SDG Registrars Limited and SDG Secretaries Limited.

3.2 By ordinary and special resolutions passed by the Company on 12 July 2018, the Directors were authorised in accordance with Section 551 of the CA 2006 to allot up to a maximum of 25,748,360 New (representing approximately 10% of the issued Shares as at 6 June 2018), for a period expiring at the later of the conclusion of the Company's next annual general meeting and 12 October 2019 (unless previously renewed, varied or revoked by the Company in general meeting) and disapplied the pre-emption provisions of Section 561 of the CA 2006 in respect of any such allotment, for a period expiring at the earlier of the conclusion of the Company's next annual general meeting and 12 October 2019 (unless previously renewed, varied or revoked by the Company in general meeting).

3.3 The following Resolutions will be proposed at the General Meeting:

1. that, in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Shares up to an aggregate nominal amount of £10 million (representing approximately 39.6% of the Shares in issue as at 9 May 2019), provided that the authority conferred by this Resolution 1 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry;

2. that, in addition to existing authorities the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot and issue Shares in connection with the Company's dividend reinvestment scheme up to an aggregate nominal amount of £2.5 million (representing approximately 9.9% of the

Shares in issue as at 9 May 2019), provided that the authority conferred by this Resolution 2 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry;

3. that, in addition to existing authorities, the directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to Resolution 1 or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this Resolution 3 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting) and provided further that this power shall be limited to:

   (a) the allotment and issue of Shares up to an aggregate nominal value of £10 million pursuant to offer(s) for subscription; and

   (b) the allotment and issue of Shares up to an aggregate nominal value representing 20% of the issued Share capital, from time to time,

   where the proceeds may in whole or part be used to purchase Shares in the Company;

4. that, in addition to existing authorities, the directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to Resolution 2 or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this Resolution 4 shall expire on the date falling 18 months from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company in general meeting) and provided further that this power shall be limited to the allotment and issue of shares in connection with the Company's dividend reinvestment scheme;

5. that, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the Act of its own Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:

   (a) the aggregate number of Shares which may be purchased shall not exceed 37.8 million Shares;

   (b) the minimum price which may be paid per Share is the nominal value thereof;

   (c) the maximum price which may be paid per Share is an amount equal to the higher of (i) 105% of the average of the middle market quotation per Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

   (d) the authority conferred by this Resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2021 (unless renewed, varied or revoked by the Company in general meeting); and

   (e) the Company may make a contract to purchase Shares under the authority conferred by this Resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares;

6. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's share premium account at the date that the court order granting the cancellation is made, be cancelled.

7. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's capital redemption reserve at the date that the court order granting the cancellation is made, be cancelled.

3.4 At the date of this document the issued fully paid share capital of the Company is:

Class of shares	*Nominal value*	*Issued (fully paid)*	
		£	*no*
Ordinary Shares	£0.10	25,249,670	252,496,695

3.5 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming (i) the Offer is fully subscribed, including full utilisation of the over-allotment facility (ii) that the Offer Price is either 49.9p or 34.0p will be as follows:

Class of shares	***Nominal value***	***Issued (fully paid) (0ffer Price = 49.9p)***		***Issued (fully paid) (Offer Price = 34.0p)***	
		£	***Number***	***£***	***Number***
Ordinary Shares	£0.10	31,261,694	312,616,935	34,073,199	340,731,989

3.6 The following allotments and repurchases of Shares have taken place since 1 February 2016:

Allotment Date	**Shares issued**	**Issue price (p)**
23 February 2016	5,415,410	85.80
23 February 2016 (DRIS)	512	82.30
23 March 2016	7,614,240	85.80
23 March 2016 (DRIS)	1,428	82.30
23 March 2016 (DRIS)	44	80.90
30 March 2016	3,543,202	85.80
05 April 2016	8,363,388	85.80
13 April 2016	1,285,617	85.80
13 May 2016	1,397,168	85.80
23 June 2016	2,011,192	86.70
05 August 2016	3,850,093	83.00
10 August 2016	4,387,618	87.40
26 August 2016 (DRIS)	685,018	80.50
16 September 2016	4,830,359	84.80
02 December 2016 (DRIS)	7,601,610	61.30
19 December 2016	35,349,838	61.30
06 January 2017	7,326,487	64.90
17 March 2017	24,976,019	66.90
27 March 2017	45,964	66.90

12 April 2017	530,622	66.90
28 July 2017 (DRIS)	1,059,402	61.50
08 August 2017	53,415	65.10
17 November 2017 (DRIS)	7,791,003	51.50
15 December 2017 (DRIS)	1,448,023	49.90
19 December 2017 (DRIS)	36,934	51.50
27 July 2018 (DRIS)	1,453,722	49.00
17 December 2018 (DRIS)	1,447,907	46.40

Buyback Date	**Shares purchased**	**Price per share (p)**
02 June 2016	350,000	78.70
07 June 2016	280,000	78.70
08 June 2016	235,000	78.70
22 July 2016	280,585	78.70
07 September 2016	240,079	77.00
19 October 2016	375,000	77.00
29 December 2016	459,785	58.75
31 January 2017	528,297	58.75
02 May 2017	285,000	60.60
05 May 2017	182,669	60.60
26 June 2017	80,000	60.60
30 June 2017	397,207	59.00
31 July 2017	318,494	59.00
10 October 2017	415,000	59.60
13 October 2017	333,222	59.60
21 December 2017	596,544	48.00
31 January 2018	319,765	48.00
11 May 2018	650,000	48.60
16 May 2018	1,024,234	48.60
20 July 2018	580,000	47.10
31 July 2018	1,313,231	47.10
03 October 2018	360,000	46.00
05 October 2018	738,864	46.00
30 November 2018	1,281,205	44.60
21 December 2018	619,000	44.60
31 January 2019	1,322,000	44.60

3.7 Other than the issue of New Shares under the Offer and the Shares to be issued under its Dividend Reinvestment Scheme, the Company has no present intention to issue any Shares.

3.8 The Company does not have in issue any securities not representing share capital.

3.9 The provisions of Section 561(1) of CA 2006 (to the extent not disapplied subject 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 the Company, except to the extent disapplied by the Company in general meeting. Subject to certain limited exceptions, unless the approval of the Shareholders in a general meeting is obtained, the Company must normally offer shares to be issued for cash to holders on a pro rata basis.

3.10 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.11 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

3.12 Except for commissions paid to authorised introducers in respect of previous offers for subscription of Shares, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since 1 February 2016.

3.13 Other than pursuant to the Offer, none of the New Shares have been sold or are available in whole or in part to the public in conjunction with the application for the New Shares to be admitted to the Official List.

3.14 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. New Shares to be held through CREST will be credited to CREST accounts on Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and otherwise than by a written instrument. The Articles of the Company permit the holding of shares in CREST.

3.15 The ISIN and SEDOL Codes of the Shares are GB00B17B3479 and B17B347 respectively.

4 DIRECTORS' INTERESTS

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

Director	Number of Shares	% of Issued Share Capital
Murray Steele	54,451	less than 0.1%
James Otter	11,248	less than 0.1%
Christopher Powles	14,149	less than 0.1%
Alex Hambro	10,950	less than 0.1%

4.2 Assuming that the Offer is fully subscribed, including full utilisation of the over-allotment facility, at an Offer Price of 49.9p, the interests of the Directors and their immediate families in the issued share capital of the Company immediately following the Offer will be:

Director	Number of Shares	% of Issued Share Capital
Murray Steele	74,491	less than 0.1%
James Otter	11,248	less than 0.1%
Christopher Powles	14,149	less than 0.1%
Alex Hambro	10,950	less than 0.1%

4.3 At the date of this document, the Company is not aware of any person who has or will hold (after the Offer has closed) directly or indirectly, voting rights representing 3% or more of the issued share capital of the Company to which voting rights are attached or who could, directly or indirectly, jointly or severally, exercise control over the Company.

4.4 The persons, including the Directors, referred to in paragraphs 4.1 to 4.2 above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other Shareholder.

4.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

4.6 No Director 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 the Company and which were effected by the Company 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 the Company, the Directors 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)**
Murray Steele	Director	Surface Generation Limited	Y
	Director	WMB Steele (2009) & Co. Limited	Y
	Director	JWPS Trustees Limited	Y
	Director	JWSEMPP Trustees Limited	Y
	Director	James Walker Trustees Limited	Y
	Director	James Walker Group Limited	Y
	Director	London Internet Exchange Limited	N
	Director	Healthy Board Services Ltd	Y
	Director	CBG Holdings Limited (Dissolved)*	N
James Otter	Director	Octopus VCT plc (Dissolved)*	N
	Director	TCS Cellworks Limited (Dissolved)	N
	Director	Jott Limited	Y

	Director	Renovos Biologics Limited	Y
	Director	Ellipson Limited	Y
	Director	Venda Group Limited (Dissolved)*	N
	Director	Seneca Growth Capital VCT plc	N
	Director	Glide Pharmaceutical Technologies Limited (Dissolved)**	N
Christopher Powles	Director	Little Sutton Energy Company Limited	N
	Director	Susenco Management Limited	Y
	Director	Flights Mill Community Hydro Power Limited	Y
	Director	Bicester Energy Company Limited (Dissolved)	Y
Alex Hambro	Director	Hertsford Capital plc	Y
	Director	Welbeck Ventures Limited	Y
	Director	Izon Science Limited New Zealand	Y
	Member	Welbeck Capital Partners LLP	Y
	Member	HF Partnership LLP	Y
	Director	Izon Science Limited	Y
	Director	Crescent Capital III GP Limited	Y
	Director	Bapco Closures Reasearch Limited	Y
	Director	Bapco Closures Holdings Limited	Y
	Director	Whitley Asset Management Limited	Y
	Director	Crescent Capital II GP Limited	Y
	Director	Judges Scientific Plc	Y
	Director	Halkin Development Limited	Y
	Director	Crescent Capital NI Limited	Y

Director	First Magazine Limited	Y
Director	Hazel Targa VCT plc	N
Director	Bacit (UK) Limited	N
Director	Benchmark Holdings Plc	N
Director	Hazel Renewable Energy VCT2 plc	N
Director	Aldersgate House Limited	N
Director	Welbeck Investment Partners Members Limited	N
Director	Octopus Eclipse VCT plc (in voluntary liquidation)	N

* In voluntary liquidation prior to being dissolved
** In administration prior to being dissolved

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

4.8 Save as set out above, none of the Directors 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 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, save as set out in paragraph 4.7 above; 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, subject to which any Director 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 the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.

4.11 The Directors and, save as set out under the heading "Conflicts of Interest" in Part One, Octopus do not have any conflicts of interest between their duties to the Company and their duties owed by them to third parties and their other interests.

5 DIRECTORS' LETTERS OF APPOINTMENT

Murray Steele and Christopher Powles were appointed as Directors on 28 September 2012, James Otter was appointed as a Director on 28 November 2014 and Alex Hambro was appointed as a Director on 19 December 2016. The Directors' appointments are terminable on three months' notice and no arrangements have been entered into by the Company entitling the Directors to compensation for loss of office nor have amounts been set aside to provide pension, retirement or similar benefits for them. Murray Steele, as Chairman of the Company, is entitled to annual remuneration of £30,000, and Chris Powles, as Chairman of the Audit Committee, is entitled to annual remuneration of £25,000, while the annual remuneration receivable by the other Directors is £22,500. None of the Directors has a service contract with the Company and no such contract is proposed. In respect of the year ended 31 January 2019, Murray Steele received £30,000, Christopher Powles received £25,000 and James Otter and Alex Hambro each received £22,500.

6 THE COMPANY AND ITS SUBSIDIARIES

The Company does not have any subsidiaries.

7 OFFER AGREEMENT

An agreement dated 10 May 2019, between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the Offer and Octopus agreed to use reasonable endeavours to procure subscribers for New Shares under the Offer. Under the agreement Octopus is paid an initial fee of up to 5.5% of the funds received under the Offer and an ongoing fee of 0.5% per annum of the NAV of the investment amounts received from investors under the Offer who have invested directly into the Company and not through a financial intermediary, for up to nine years and has agreed to discharge all external costs of advice and their own costs in respect of the Offer. Under this agreement certain warranties have been given by the Company, the Directors and Octopus to the other parties. The Company 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 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 the Company 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 the Company and which contain any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company 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 offer agreement dated 4 November 2016 (the "2016 Offer Agreement"), between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the offer for subscription that was launched on 4 November 2016 (the "2016 Offer") and the merger between the Company and Octopus Eclipse VCT plc and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2016 Offer. Under the 2016 Offer Agreement, Octopus was paid an initial fee of up to 5.5% of the funds received under the 2016

Offer and an ongoing fee of 0.5% per annum of the NAV of the investment amounts received from investors under the 2016 Offer who invested directly into the Company and not through a financial intermediary, for up to nine years and agreed to discharge all external costs of advice and their own costs in respect of the 2016 Offer. Under this agreement certain warranties were given by the Company, the Directors and Octopus to the other parties. The Company 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.

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

8.4 An investment management agreement dated 27 July 2006, as varied by deeds of variation dated 16 August 2012, 28 April 2014, 24 October 2014 and 2 November 2015 (the "IMA") between the Company (1) and Octopus (2) pursuant to which Octopus provides discretionary investment management and administration services to the Company. The appointment of Octopus is terminable by either party on not less than 12 months' notice in writing and may also be terminated in circumstances of material breach by either of these parties. Octopus receives an annual management fee of an amount equal to 2% of the net assets of the Company, calculated on a daily basis from 31 January and payable quarterly in arrears, together with any applicable VAT thereon in respect of investment management services. Octopus also receives an annual administration and accounting fee of an amount equal to 0.3% of the net assets of the Company, calculated at annual intervals as at 31 January and payable quarterly (plus VAT) and an annual company secretarial fee of £20,000 per annum payable annually or quarterly.

Pursuant to the IMA, Octopus is entitled to an annual performance related incentive fee in each accounting period, subject to the total return being 100p at the end of the relevant period. The amount of the fee will be equal to 20% of the amount by which the total return as at the end of the relevant period exceeds the total return as at 31 January 2012 plus cumulative Bank of England base rate or, if greater, the highest total return as at the end of the accounting period commencing on 1 February 2012 or any subsequent accounting period.

The normal annual expenses of the Company under the IMA are capped each year at an amount agreed between the Company and Octopus. For the current year the normal annual expenses are capped at an amount equal to 3.3% of the Company's net assets, this being the amount set on launch of the Company. Any excess over this amount will be borne by Octopus. Normal annual expenses means the annual expenses of the Company incurred in its ordinary course of business and includes the annual investment management, administration, and secretarial fees, directors' remuneration, normal fees payable to the Company's registrars, stockbroker, auditors, solicitors and VCT status advisers. It does not include any exceptional items, annual trail commission or irrecoverable VAT thereon.

Octopus has the right to charge transaction, directors', monitoring, consultancy, corporate finance, introductory and syndication fees, commissions and refunds of commissions in respect of the management of the Company's investment portfolio. Such fees do not typically exceed 1.5% of the total amount invested by all Octopus managed funds (including the Company) per annum, assuming an investment of £5 million and a holding period of five years. The costs of all deals that do not proceed to completion will be borne by Octopus. The agreement includes indemnities given by the Company to Octopus which are usual for this type of agreement.

9 RELATED PARTY TRANSACTIONS

Save for the fees paid to the Directors as detailed in paragraph 5 above, the fees paid under the investment management agreement detailed in paragraph 8.4 above, the promoter's fee of £0.7 million paid to Octopus in respect of the Company's offer for subscription that was launched on 2 November

2015, the promoter's fee of £0.5 million paid to Octopus in respect of the 2016 Offer and the promoter's fee payable in respect of the Offer Agreement, there were no other related party transactions or fees paid by the Company during the years ended 31 January 2017, 31 January 2018 and 31 January 2019 or for the period from 31 January 2019 to the date of this document.

10. WORKING CAPITAL

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements, that is, for at least the period of twelve months from the date of this document.

11. CAPITALISATION AND INDEBTEDNESS

11.1 The capitalisation of the Company as at 31 January 2019 was as follows:

Capital and reserves	£'000
Called up Equity Share Capital	25,250
Share Premium	53,256
Special Distributable Reserve	29,602
Capital Redemption Reserve	3,914
Capital Reserve Realised	7,698
Capital Reserve Unrealised:	(696)
Revenue Reserve:	-
Total Equity Shareholders' Funds	119,024

There has been no material change to the capitalisation since 31 January 2019.

11.2 As at 31 January 2019 the Company had no indebtedness. The Company has power to borrow under the Articles, details of which are set out in the paragraph entitled "Borrowing Powers" in paragraph 14.1.12 below.

12. AUDIT, REMUNERATION AND NOMINATION COMMITTEES

Audit Committee

12.1 The audit committee of the Company comprises the Board, is chaired by Christopher Powles and meets twice a year and on an ad hoc basis as necessary. The committee has direct access to BDO LLP, 55 Baker Street, London W1U 7EU, the Company's external auditor. The duties of the audit committee are, inter alia:

12.1.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;

12.1.2 to review and approve the external auditor's terms of engagement and remuneration; and

12.1.3 to review the appropriateness of the Company's accounting policies, to consider matters of corporate governance as may generally be applicable to the Company and to make recommendations to the Board in connection therewith as appropriate.

Nomination and Remuneration Committees

12.1.4 A nomination committee consisting of James Otter and Christopher Powles has been established to consider recommendations for the re-election of Directors. To date no remuneration committee has been established and matters relating to remuneration of the Directors are considered by the full Board and any Director is excluded from meetings the purpose of which is the setting of his own remuneration.

13. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 month period ending on the date of this document which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

14. ARTICLES OF THE COMPANY

14.1 The articles of association of the Company (the "Articles"), contain, inter alia*,* the following provisions.

14.1.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 14.1.4 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 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.

14.1.2 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.

14.1.3 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 half-year 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 twelve 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.

14.1.4 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

14.1.5 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 CA 2006, 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 CA 2006, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

14.1.6 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 CA 2006, 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.

14.1.7 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.

14.1.8 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 to be 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 chairman 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.

14.1.9 Directors' Interests

14.1.9.1 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 CA 2006, the nature of his interest.

14.1.9.2. Provided that he has declared his interest in accordance with paragraph 14.1.9.1, 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.

14.1.9.3 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.

14.1.9.4 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.

14.1.10 Remuneration of Directors

14.1.10.1 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 £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. .

14.1.10.2 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.

14.1.10.3 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.

14.1.11 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 CA 2006.

14.1.12 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 50% of the aggregate of (i) the amount paid up (or credited as paid up) on the allotted or issued share capital of the Company and (ii) the amount standing to the credit of the reserves, whether or not distributable, after adding or deducting any balance standing to the credit or debit of the profit and loss account, as adjusted in accordance with the Company's articles of association.

14.1.13 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 CA 2006, 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 CA 2006, any expenses, loss or liability (or provision therefore) 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.

14.1.14 Duration of Company

(i) The Directors shall procure that at the fifteenth annual general meeting of the Company (and thereafter at five yearly intervals) an ordinary resolution will be proposed to the effect that the Company shall continue in being. If such resolution is not passed the board shall within four months of that meeting convene a general meeting to propose either or both of the following:

(a) a special resolution for the reorganisation or reconstruction of the Company; or

(b) a special resolution to wind up the Company voluntarily.

(ii) On any voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution and any other sanctions required by law, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

14.1.15 General Meetings

The Directors may, whenever they think fit, convene a general meeting of the Company. If within fifteen minutes (or such longer time not exceeding one hour as the chairman 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 fifteen 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 chairman 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.

14.2 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 Company's articles of association are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form subject to the Uncertificated Securities Regulations 2001. The New Shares have been made eligible for settlement in CREST.

15. SPECIFIC DISCLOSURES IN RESPECT OF CLOSED ENDED FUNDS

15.1 Octopus intends to use the proceeds of the Offer in accordance with the Company's objective of spreading investment risk and in accordance with the Company's Investment Policy. This Investment Policy is in line with the VCT Rules and the Company will not deviate from them in any material respect. Further, in accordance with the VCT Rules, the Company will invest in ordinary shares, in some cases in a small number of preference shares where applicable, and always in accordance with such rules.

15.2 The Company is authorised and regulated by the FCA as a self managed alternative investment fund. VCTs need 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.

15.3 The Company is regulated by the VCT Rules in respect of the investments they make as described in Part Two of this document. The Company has appointed PricewaterhouseCoopers of 1 Embankment Place, London WC2N 6RH ("PwC") as its VCT status adviser. PwC will report to the Company as a part of its annual reporting obligations. In respect of any breach of the VCT Rules, the Company, together with PwC, will report directly and immediately to HMRC to rectify the breach and announce the same immediately to the Shareholders through a Regulatory Information Service provider.

15.4 The Company will not invest more than 15% of its gross assets in any single company, in accordance with the VCT legislation, nor will the Company control the companies in which it invests in such a way as to render them subsidiary undertakings until it has obtained approval as a VCT from HMRC.

15.5 The Company will not conduct any trading activity which is significant in the context of its group (if any) as a whole. No more than 10%, in aggregate, of the value of the total assets of the Company 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.

15.6 The Board must be able to demonstrate that it will act independently of Octopus. A majority of the Board (including the Chairman) must not be directors, employees, partners, officers, or professional advisers of or to, Octopus or any company in Octopus's group or any other investment entity which they manage.

15.7 The Company will not invest directly in physical commodities.

15.8 The Company will not invest in any property collective investment undertaking.

15.9 Other than as provided for under its Investment Policy, the Company 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).

15.10 Octopus is responsible for the determination and calculation of the NAV of the Company on at least a six monthly basis.

15.11 The NAV of the Company's investments will be determined by Octopus at least every six months. 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 quoted. 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 NAV of the Company will be communicated to Shareholders through a Regulatory Information Service at the same frequency as the determinations.

15.12 The calculation of the NAV of the Company's investments will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension will be communicated to Shareholders through a Regulatory Information Service provider.

16. CORPORATE GOVERNANCE

The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (the "Code") applies to the Company. 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 Company. Accordingly, the provisions of the Code are complied with save that (i) the Company does not have a chief executive officer or a senior independent director (the Board does not consider this necessary for the size of the Company), (ii) the Company conducts on an annual basis a formal review as to whether there is a need for an internal audit function, however the Directors do not consider that an internal audit would be an appropriate control for a VCT (iii) the Company does not have a remuneration committee as it does not have any executive officers and as such the Board as a whole deals with any matters of this nature and (iv) as the Company has 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.

17. TAKEOVERS AND MERGERS

17.1 Mandatory takeover bids

The City Code on Takeovers and Mergers (the "Takeover Code") applies to all takeover and merger transactions in relation to the Company, 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 Takeover 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 Takeover 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 Takeover 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 not in existence any current mandatory takeover bids in relation to the Company.

17.2 Squeeze out

Section 979 of the CA 2006 provides that if, within certain time limits, an offer is made for the share capital of the 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.

17.3 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 carrying 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.

18. NOTIFICATIONS OF SHAREHOLDINGS

The provisions of disclosure guidance and transparency rule 5 ("DGTR 5") will apply to the Company and its Shareholders. DGTR 5 sets out the notification requirements for Shareholders and the Company where the voting rights of a Shareholder exceed, reach or fall below the threshold of 3% and each 1% thereafter up to 100%. DGTR 5 provides that disclosure by a Shareholder to the Company must be made within two trading days of the event giving rise to the notification requirement and the Company must release details to 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.

19. GENERAL

19.1 The estimated costs and expenses relating to the Offer, assuming full subscription, including full utilisation of 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 is estimated to amount to approximately £1.65 million in aggregate. On the above assumptions, the aggregate total net proceeds of the Offer, after all fees, is expected to be approximately £28.35 million.

19.2 Grant Thornton UK LLP, chartered accountants of 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford OX4 2WB was the auditor of the Company from its incorporation to February 2017. James Cowper Kreston was the auditor of the Company from February 2017 to May 2018. BDO LLP of 55 Baker Street, London W1U 7EU has been the auditor of the Company since June 2018. James Cowper Kreston and BDO LLP gave unqualified audit reports on the statutory accounts of the Company for all of 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. The statutory accounts set out in Part Three have been delivered to the Registrar of Companies in England and Wales pursuant to Section 242 of the CA 2006.

19.3 The Company shall take all reasonable steps to ensure that its auditors are independent of it and will obtain written confirmation from its auditors that it complies with guidelines on independence issued by its national accountancy and auditing bodies.

19.4 Howard Kennedy's office address is at 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 Company.

19.5 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.

19.6 The statements attributed to Octopus in this document have been included in the form and context in which they appear with the consent and authorisation of Octopus. Octopus accepts responsibility for those statements and, to the best of the knowledge and belief of Octopus, which has taken all reasonable care to ensure that such is the case, those statements are in accordance with the facts and do not omit anything likely to affect the import of such information.

19.7 There are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

19.8 The Company does not assume responsibility for the withholding of tax at source.

19.9 There has been no significant change in the financial or trading position of the Company since 31 January 2019, the date to which the latest audited financial information has been published, to the date of this document.

19.10 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 Company's prospects or which have materially affected the Company's income from operations so far as the Company and the Directors are aware.

19.11 Shareholders will be informed, by means of the half-year and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.

19.12 The Company's capital resources are restricted insofar as they may be used only in putting into effect the Company's investment policy, as set out in this document. There are no firm commitments in respect of any of the Company's principal future investments. As at 31 January 2019, the Company had £13.2 million of uninvested cash which has been retained for working capital and follow-on or new investments.

19.13 All Shareholders have the same voting rights in respect of the share capital of the Company. The Company is not aware of any person who, directly or indirectly, exercises or could exercise control over the Company, nor of any arrangements, the operation of which, may at a subsequent date result in a change of control of the Company.

19.14 The Company has no employees.

19.15 The typical investor for whom the Company is designed is a UK 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 at pages 12 to 13, considers the Investment Policy to be attractive. This may include retail and sophisticated investors and high net worth individuals who already have a portfolio of non-VCT investments.

19.16 The Company does not have any major shareholders with different voting rights.

19.17 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 wish to hold their New Shares in uncertificated form they should contact the Company's registrar.

19.18 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 Company is aware and is able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.19 Octopus will provide safe custody to the Company in respect of the un-invested cash, general investment and dealing services on a discretionary basis and other related facilities which may include the following investments: shares in investee companies, debenture stock, loan stock, bonds, units, notes, certificates of deposit, commercial paper or other debt instruments, municipal and corporate issues, depository receipts, cash term deposits, money market securities, unit trusts, mutual funds, OEICs, investment funds and similar funds and schemes in the United Kingdom or elsewhere. These services exclude any transaction in relation to futures and options or other derivative type instruments or commodity (or derivative thereof) by Octopus.

19.20 The existing issued Shares in the Company will represent 80.77% of the ordinary share capital of the Company immediately following completion of the Offer, assuming the Offer is fully subscribed, including full utilisation of the over-allotment facility, at an Offer Price of 49.9p and, on that basis, Shareholders who do not receive New Shares will, therefore, be diluted by 19.23%.

19.21 The Company 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 Offer. The Offer is expected to close on or before 9 May 2020. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus only in the UK.

19.22 **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 set out in paragraph 19.21 above.**

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered offices of the Company and Howard Kennedy whilst the Offer remains open:

20.1 the Articles;

20.2 the annual accounts for the periods ending 31 January 2017, 31 January 2018 and 31 January 2019;

20.3 the Circular; and

20.4 this document.

10 May 2019

DEFINITIONS

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

“Acts”	CA 1985 and CA 2006
“Admission”	the admission of New Shares to trading on the London Stock Exchange’s main market for listed securities
“Advised Investors”	investors under the Offer who receive advice from their financial intermediaries
“Applicant”	a person applying for New Shares under the Offer
“Application”	an application for New Shares under the Offer
“Application Form”	the application form relating to the Offer which can be found on the Company’s website
“Articles”	the articles of association of the Company
“Board” or "Directors"	the board of directors of the Company
“CA 1985”	Companies Act 1985
“CA 2006”	Companies Act 2006
“Circular”	the circular to Shareholders dated 10 May 2019
"Company" or "Apollo"	Octopus Apollo VCT plc
“Dividend Reinvestment Scheme” or “DRIS”	the Company’s dividend reinvestment scheme, details of which are set out in Part One
"EEA State"	a state that is a party to the agreement on the European Economic Area signed at Oporto on 2 May 1992 (as adjusted by the Protocol signed at Brussels on 17 March 1993)
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held on 11 July 2019 (or any adjournment thereof)
“HMRC”	HM Revenue and Customs
“Howard Kennedy”	Howard Kennedy Corporate Services LLP
“IA 1986”	The Insolvency Act 1986, as amended
"Investment Policy"	the Company's investment policy from time to time
“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.
“Listing Rules”	the listing rules of the FCA

“London Stock Exchange”	London Stock Exchange plc
"Market Abuse Regulation"	Market Abuse Regulation (596/2014/EU)
"Merger"	the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company that completed on 27 September 2012
"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 under the Offer (and each a “New Share”)
“Octopus”, the “Manager” or the “Receiving Agents”	Octopus Investments Limited
"Octopus Development Capital Team"	those persons set out on pages 22 to 23
"OEICs"	open-ended investment companies
“Offer”	the offer for subscription by the Company for New Shares in respect of the tax years 2019/20 and 2020/21 contained in this document
“Offer Agreement”	the offer agreement dated 10 May 2019 between the Company, the Directors, the Manager and Howard Kennedy, details of which are set out in Part Five
“Offer Price”	the price per Offer Share, as set out in Part One
“Official List”	the official list maintained by the FCA
“Prospectus”	this document
“Prospectus Rules”	the prospectus rules made in accordance with the EU Prospectus Directive 2003/71/EC
“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 a VCT which meets the requirements described in chapter 4 of Part 6 ITA 2007
“Qualifying Subscriber”	an individual who subscribes for New Shares and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the FCA
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”)
“Risk Finance State Aid”	State aid received by a company as defined in Section 280B (4) of ITA

“Shareholders”	holders of Shares (and each a “Shareholder”)
“Shares”	ordinary shares of 10p each in the capital of the Company (and each a “Share”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992
“Terms and Conditions”	the terms and conditions of Application, contained in this document on pages 63 to 68
“venture capital trust” or “VCTs”	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 VCTs

TERMS AND CONDITIONS

The following terms and conditions apply to the Offer. 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 Company is £30 million. The Offer is conditional upon the passing by Shareholders of Resolutions 1 and 3 at the General Meeting. The Offer will close earlier if fully subscribed. The Board reserves the right to close the Offer earlier and to accept Applications and issue New Shares at any time following the receipt of valid Applications.

2. The contract created with the Company by the acceptance of an Application (or any proportion of it) under the Offer will be conditional on acceptance being given by the Receiving Agents and admission of the New Shares allotted in the Company subject to the Offer to the Official List (save as otherwise resolved by the Board).

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

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

I. irrevocably offer to subscribe for New Shares in the Company under the Offer in the monetary 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 Company 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 Company. Where the Share price for the Company has been declared ex-dividend on the London Stock Exchange, the NAV used for pricing under the Offer will be ex-dividend. In respect of the Offer, 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 (fractional New 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 Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agents of your Application Form;

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 Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it and the Receiving Agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to 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 Offer, your remittance is not honoured on first presentation, the New Shares may, forthwith upon payment by Octopus of the Offer Price of those New Shares to the Company, 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 Company 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 Company either by notification to the London Stock Exchange of the basis of allocation and allotment, or by notification of acceptance thereof to the Receiving Agents;

VI. agree that any monies refundable to you by the Company may be retained by the Receiving Agents pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agents may consider to be, required for the purposes of the Money Laundering Regulations and that such monies will not bear interest;

VII. authorise the Receiving Agents to send share certificates in respect of the number of New Shares for which your Application is accepted and/or a crossed cheque for any monies returnable, by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such New Shares;

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 Company or Octopus to bring any action, suit or proceeding arising out of, or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;

IX. confirm that, in making such Application, you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document, the cover correspondence or any part thereof or involved in the preparation thereof shall have any liability for such information or representation (save for fraudulent misrepresentation or wilful deceit);

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 Company and the Offer 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 Company or the Receiving Agents, will be sent at the risk of the person entitled thereto;

XV. agree, on request by the Company or Octopus, to disclose promptly in writing to Octopus, any information which Octopus may reasonably request in connection with your Application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Company or Octopus to disclose any information relating to your Application as the Company or Octopus consider appropriate;

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 subject to the Offer or the suitability for you of an investment in New Shares subject to the Offer or be responsible to you for providing the protections afforded to its customers;

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

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

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

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

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.

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

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

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

8. Money Laundering Regulations

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

Under the Money Laundering Regulations, Octopus is required to check the identity of clients who invest over the sterling equivalent of €15,000 (approximately £13,000) or who invest using third party cheques. 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 independent financial 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 pm on the relevant date of allotment, Octopus has not received evidence satisfactory to it as aforesaid, Octopus, at its absolute discretion, may reject any such Application in which event the remittance submitted in respect of that Application will be returned to the Applicant (without prejudice to the rights of the Company to undertake proceedings to recover any loss suffered by it as a result of the failure to produce satisfactory evidence of identity).

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

9. Costs of the Offer

For all investors, the Offer Price per New Share will be determined by a formula reflecting the NAV per Share adjusted for an allowance for the majority of the costs of the Offer. The formula is: the most recently announced NAV per Share, divided by 0.945.

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

1) A direct investment

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

In consideration for promoting the Offer, if an application is made directly (not through an intermediary) then the Company will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional annual ongoing charge of 0.5% of the investment amount's latest NAV for up to nine years, provided the investor continues to hold the Shares.

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

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

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

The Company can also facilitate annual payments to an intermediary/adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the intermediary/adviser to the investor of up to 0.5% per annum of the investment amount's latest NAV for up to nine years whilst the investor continues to hold 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 New Shares for the investor, at the then most recently announced NAV per Share. Any residual amount less than the cost of a New Share will be donated to a charity approved by the Board.

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

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

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

Where an investor agreed to an upfront fee only, the Company can facilitate a payment of an initial adviser charge of up to 4.5% of the investment amount. If the investor chooses to pay their intermediary/adviser less than the maximum initial adviser charge, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above. In these circumstances the Company will not facilitate ongoing annual payments.

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

4) A non-advised investment using an intermediary

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

An initial commission of 2.5% of the investment will be paid by the Company to the intermediary. An annual ongoing charge of 0.5% of the investment amount's latest NAV will be paid by the Company to the intermediary. Such commission will be available for up to nine years provided that the intermediary continues to act for the investor and the investor continues to be the beneficial owner of the New Shares.

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

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

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

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

Example

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 Offer (using the most recently published unaudited NAV of the Company as at the date of this document) is set out below:

Unaudited NAV as at 31 January 2019 (p)	Offer Price (p)	Application (£)	Number of New Shares to be allotted
47.1	49.9	£10,000	20,040

The Offer Price may vary between allotments based on the movement in the published NAV of the Shares. The cost of the Offer is capped at 7.5%. Octopus has agreed to indemnify the Company against the costs of the Offer in excess of this amount.

ANNEX I

TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME (THE "DRIS") OF THE COMPANY

1. Elections to participate in the DRIS should be addressed to the DRIS Administrator, Computershare Investor Services plc ("DRIS 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 DRIS Administrator.

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

   (b) The Company shall apply dividends to be paid to Participants on ordinary shares of 10p each ("Shares") in the Company in respect of which an election has been made in the allotment of further Shares. The DRIS Administrator shall not have the discretion, and Participants may not instruct the DRIS Administrator, to apply those dividends ("funds") towards any investments other than investment in Shares as set out in this condition 2(b).

   (c) Participants who are Shareholders may only participate in the DRIS if all Shares registered in their name are mandated to the DRIS.

   (d) By joining the DRIS, Participants instruct the DRIS Administrator that the mandate will apply to the full number of 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.

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

3. (a) On or as soon as practicable after a day on which a dividend on the 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 overleaf and the Company having the requisite shareholder authorities to allot Shares, be applied on behalf of that Participant to subscribe for the maximum number of whole new Shares which can be allotted with the funds.

   (b) The number of 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 Share or (ii) the mid market price per 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 Shares. Shares will not be allotted at less than their nominal value.

   (c) 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 Company.

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

   (e) The Company shall immediately after the subscription of Shares in accordance with the condition at 3(a) above take all necessary steps to ensure that those Shares shall be admitted to the Official

List and to trading on the premium segment of the main market of the London Stock Exchange, provided that, at the time of such subscription, the existing Shares in issue are so admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange.

4. The DRIS Administrator shall as soon as practicable after the allotment of 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 Shares (ii) that share certificates (unless such 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 Shares held at the record date for which a valid election was made;

   (b) the number of Shares allotted;

   (c) the price per Share allotted;

   (d) the cash equivalent of the Shares allotted; and

   (e) the date of allotment of the Shares.

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

6. Each Participant warrants to the DRIS Administrator that all information set out in the application form on which the election to participate in the DRIS is contained is correct and to the extent any of the information changes he or she will notify the changes to the DRIS Administrator and that during the continuance of his or her participation in the DRIS he or she will comply with the provisions of condition 7 below.

7. The right to participate in the DRIS 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 DRIS 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 DRIS 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).

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

9. Participants may:

   (a) at any time by notice to the DRIS Administrator terminate their participation in the DRIS and withdraw any funds held by the Company on their behalf; and

   (b) in respect of Shares they hold as nominee and subject to condition 2(e), give notice to the DRIS Administrator that, in respect of a forthcoming Payment Date, their election to receive 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 DRIS 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 the Participant ceases to hold any Shares. 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.

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

(a) suspend the operation of the DRIS;

(b) terminate the DRIS without notice to the Participants; and/or

(c) resolve to pay dividends to Participants partly by way of cash and partly by way of new Shares pursuant to the DRIS.

11. Participants who wish to participate in the DRIS in respect of new 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 DRIS and who already have 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 Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Personalised Mandate Forms can be obtained from Capita Asset Services at the address above or by telephoning +44 (0) 371 664 0324. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Capita Asset Services are open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Participants who wish to participate in the DRIS and who already have 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 Shares by means of the CREST procedure to effect such an election. No other method of election will be permitted under the DRIS and will be rejected. By doing so, such Shareholders confirm their election to participate in the DRIS and their acceptance of the DRIS 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 via 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 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 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 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 via CREST should be received by CREST no later than 5.00 pm 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.

12. 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 Capita Asset Services that he no longer wishes to participate in the DRIS.

13. The Company shall be entitled to amend the DRIS 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 DRIS 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.

14. By ticking the relevant election box and completing and delivering the application form, the Participant:

(a) 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

(b) declares that a loan has not been made to the Participant on whose behalf the 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 Shares and that the Shares are being acquired for bona fide investment purposes and not as part of a DRIS or arrangement the main purposes of which is the avoidance of tax.

15. Elections by individuals for Shares should attract applicable VCT tax reliefs (depending on the particular circumstances of an individual) for the tax year in which the Shares are allotted provided that the issue of Shares under the DRIS 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 DRIS Administrator nor the Company accepts any liability in the event that tax reliefs are not obtained. Beneficial owners of shares held through nominees should obtain tax advice in relation to their own particular circumstances. 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.

16. The Company will subject to conditions 9, 10 and 19, issue 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 DRIS Administrator has been notified to the contrary in writing at least 15 days before a Payment Date.

17. Shareholders electing to receive 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.

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

19. The Company shall not be obliged to accept any application or issue 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 DRIS Administrator.

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

(a) acting or failing to act in accordance with a court order of which the DRIS Administrator has not been notified (whatever jurisdiction may govern the court order); or

(b) forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from an Shareholder (or, where relevant, a nominee) are genuine; or

(c) losses, costs, damages or expenses sustained or incurred by an Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the

DRIS Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these DRIS Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or

(d) any indirect or consequential loss.

21. These DRIS 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.

22. All notices and instructions to be given to the DRIS Administrator shall be in writing and delivered or posted to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

23. These DRIS 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 DRIS 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 Company

Investment Manager, Administrator and Receiving Agents	Octopus Investments Limited 33 Holborn London EC1N 2HT
Company Secretary	Parisha Kanani
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Solicitor	Howard Kennedy LLP 1 London Bridge London SE1 9BG
Sponsor	Howard Kennedy Corporate Services LLP 1 London Bridge London SE1 9BG
Tax adviser	Philip Hare & Associates LLP Suite C First Floor 4-6 Staple Inn London WC1V 7QH
Registrars	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS99 6ZY
VCT status monitor	PricewaterhouseCoopers 1 Embankment Place London WC2N 6RH

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