

Octopus Titan VCT Prospectus

Offers for Subscription by Octopus Titan VCT plc for the tax years 2016/2017 and 2017/2018 to raise up to £70 million by way of an issue of New Shares, with an over-allotment facility of a further £50 million.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your 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 Titan VCT plc (the “Company”) dated 23 August 2016, 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 23 August 2016.

The Company and the Directors, whose names appear on page 30 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 Titan VCT plc

(registered number 06397765)

Prospectus relating to:

offers for subscription by Octopus Titan VCT plc of New Shares to raise up to a maximum of £70 million, with an over allotment facility of a further £50 million, payable in full in cash 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 UK Listing Authority and traded on the London Stock Exchange’s main market for listed securities. Application has been made to the UK Listing Authority 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 5 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.

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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 22 August 2017. There are no conditions attaching to this consent. Financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors.

Schedule B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Octopus Titan VCT plc.
B.2	Domicile and legal form	Octopus Titan VCT plc was incorporated and registered in England and Wales on 12 October 2007 as a public company limited by shares under the Companies Act 1985 with registered number 06397765.
B.5	Group description	The Company has one wholly owned subsidiary, Zenith Holding Company Limited, a limited company incorporated in the Cayman Islands whose registered office is at c/o Maurant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Cayman Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.
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	<p>Selected historical financial information relating to the Company, which has been extracted from the audited and unaudited financial statements referenced in the following tables, is set out below.</p> <table border="1"> <thead> <tr> <th></th> <th>Year Ended 31 October 2013 (audited)</th> <th>Year Ended 31 October 2014 (audited)</th> <th>Year Ended 31 October 2015 (audited)</th> <th>Six months ended 30 April 2015 (unaudited)</th> <th>Six months ended 30 April 2016 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td>20,924</td> <td>32,876</td> <td>228,461</td> <td>215,042</td> <td>309,060</td> </tr> <tr> <td>Net asset value per Share (p)</td> <td>95.2</td> <td>101.4</td> <td>102.7</td> <td>97.7</td> <td>95.7</td> </tr> <tr> <td>Dividend paid per Share during the period (p)*</td> <td>36.5</td> <td>5.0</td> <td>4.0</td> <td>2.5</td> <td>7.0*</td> </tr> <tr> <td>NAV plus cumulative dividends paid (p)</td> <td>137.7</td> <td>148.9</td> <td>154.7</td> <td>147.7</td> <td>154.7</td> </tr> <tr> <td>Total Expenses (£'000)</td> <td>1,343**</td> <td>1,753**</td> <td>9,073**</td> <td>2,672</td> <td>3,581</td> </tr> <tr> <td>As a percentage of average Shareholders' funds</td> <td>6.4%</td> <td>5.3%</td> <td>4.0%</td> <td>1.2%</td> <td>1.2%</td> </tr> <tr> <td>Revenue return after expenses and taxation (£'000)</td> <td>(168)</td> <td>(474)</td> <td>(2,232)</td> <td>(1,306)</td> <td>(1,907)</td> </tr> <tr> <td>Net asset value return/ (loss) (p)</td> <td>10.4</td> <td>12.9</td> <td>7.7</td> <td>(0.1)</td> <td>0.2</td> </tr> </tbody> </table> <p>*An interim dividend of 2.0p per share was declared for the period to 30 April 2016 and will be paid on 2 September 2016 to shareholders on the register as at 12 August 2016.</p> <p>** Includes a performance fee payment</p> <p>On 27 November 2014 the Company merged with Titan 1, Titan 3, Titan 4 and Titan 5 with a total of 140,597,475 Shares being issued to former shareholders of Titan 1, Titan 3, Titan 4 and Titan 5. Net proceeds of £24.1 million, £52.0 million, £53.0 million and £99.8 million were raised by the Company under offers for subscription which opened on 7 February 2013, 3 September 2013, 16 September 2014 and 8 September 2015 respectively. Save in respect of these matters both during the financial periods referred</p>		Year Ended 31 October 2013 (audited)	Year Ended 31 October 2014 (audited)	Year Ended 31 October 2015 (audited)	Six months ended 30 April 2015 (unaudited)	Six months ended 30 April 2016 (unaudited)	Net assets (£'000)	20,924	32,876	228,461	215,042	309,060	Net asset value per Share (p)	95.2	101.4	102.7	97.7	95.7	Dividend paid per Share during the period (p)*	36.5	5.0	4.0	2.5	7.0*	NAV plus cumulative dividends paid (p)	137.7	148.9	154.7	147.7	154.7	Total Expenses (£'000)	1,343**	1,753**	9,073**	2,672	3,581	As a percentage of average Shareholders' funds	6.4%	5.3%	4.0%	1.2%	1.2%	Revenue return after expenses and taxation (£'000)	(168)	(474)	(2,232)	(1,306)	(1,907)	Net asset value return/ (loss) (p)	10.4	12.9	7.7	(0.1)	0.2
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		to above and since 30 April 2016 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 is made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within the 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 and the Group is sufficient for the Company's and the Group'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	<p><u>Current Investment Policy</u></p> <p>The current investment policy of the Company is as follows:</p> <p>The Company's focus is on providing early stage, development and expansion funding to unquoted companies with the Company making a typical initial investment of £0.1 million to £5 million and will comprise a portfolio of largely unquoted companies, predominantly focussed within the following sectors:</p> <ul style="list-style-type: none"> ● Technology ● Media ● Telecoms ● Consumer lifestyle and well-being ● Environment <p>The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of companies from a number of different sectors. In order to limit the risk to the portfolio that is derived from any particular investment, no more than 15% of the amount invested by shareholders in the Company will be invested in any one unquoted company (including both Qualifying and Non-Qualifying Investments).</p> <p>Non-Qualifying Investments</p> <p>An active approach is taken to manage the cash prior to investing in qualifying companies. As the Company has reached its investment target for HMRC, the majority of the remainder of funds will be invested in money market funds and other funds. By investing a proportion of its assets into these other funds, some exposure to a broad range of AIM-quoted and main market listed smaller and medium-sized companies is gained, whilst maintaining liquidity within the Company.</p> <p>The Company may also make Non-Qualifying Investments where the Investment Manager believes that the risk/return profile is consistent with the overall objective of the Company, which may include, from time to time, making a small number of investments or further investments in companies which meet the profile of a Qualifying Investment but would otherwise not be a Qualifying Investment.</p>

		<p>Qualifying Investments</p> <p>Now that the Company is through its initial Qualifying Investment period the investment profile is expected to be:</p> <ul style="list-style-type: none"> • 75- 85% Qualifying Investments, primarily in unquoted companies • 15-25% in cash, money market securities and funds managed by Octopus and other Non-Qualifying Investments. <p>The Company will not borrow money for the purposes of making investments. The investment decisions made must adhere to the HMRC qualification rules. The Directors will continually monitor the investment process and ensure compliance with the investment policy.</p> <p>In considering a prospective investment in a company, particular regard is made to:</p> <ul style="list-style-type: none"> • the strength of the management team; • evidence of high margin products capable of addressing fast-growing markets; • the company's ability to sustain a competitive advantage; • the existence of proprietary technology; and • the company's prospects of being sold or floated, usually within three to five years. <p><u>New Investment Policy</u></p> <p>The Company was launched nine years ago in 2007 and since then its investment policy has remained unchanged. With the benefit of experience, the continuing evolution of the early stage investment environment and recent changes in VCT legislation, the Company feels it is appropriate to refresh the investment policy.</p> <p>Whilst the Company has made changes to the terminology it applies to the investment sectors, in reality this is simply a change in the language used to describe the sectors rather than a change to the investment strategy itself. Instead of defining separately: Technology, Media, Telecoms, Consumer Lifestyle and Well-being, and Environment, the Company has simplified this to "a range of technology sectors" which it believes is simpler to communicate and more reflective of the way the Company thinks about its investments, both historic and future. The underlying portfolio has not changed and the type of companies the Company will invest in will not change.</p> <p>The Company has also made changes to the types of non-Qualifying Investments it will make, which is purely to align with recent VCT legislative changes. The Company has also increased the top range of the % of Qualifying Investments that it will aim to hold from 85% to 90%. This, again, is reflective of changes in legislation restricting non-Qualifying Investments, meaning that the balance may shift slightly towards holding more Qualifying Investments.</p> <p>The most significant change is the removal of the passage restricting the use of borrowing to make investments. The Company has no intention to make use of borrowing for this purpose in the immediate future; however it would like to align the investment policy with the Articles and remove any constraints placed upon it by this clause to provide more flexibility into the future should any such need or desire arise.</p> <p>The Company does not believe that the changes outlined will affect how the Company is managed on a day to day basis and will not affect the diversity of the Company's portfolio.</p> <p>Subject to the passing of Resolution 3 at the General Meeting, the new investment policy will be as follows:</p>
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		<p>The Company's focus is on providing early stage, development and expansion funding to unquoted companies. The Company typically makes an initial investment of £0.1 million to £5 million and will make further follow on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology companies.</p> <p>The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of investee companies from a number of different technology sectors. In order to limit the risk to the portfolio that is derived from any particular investment, at the point of investment no more than 15% of the Company by value will be in any one investment. Any borrowing by the Company for the purposes of making investments will be in accordance with the Company's articles of association.</p> <p>The investment profile is expected to be:</p> <ul style="list-style-type: none"> ● 75-90% in VCT qualifying investments, primarily in unquoted companies ● 10-25% in non-VCT qualifying investments or cash. <p>Non-VCT Qualifying Investments</p> <p>An active approach is taken to manage any cash held, prior to investing in VCT qualifying companies. After the Company has ensured it satisfies all VCT investment qualification targets required by HMRC, the majority of the remaining cash will be invested in accordance with HMRC rules for Non-Qualifying Investments. Currently this includes liquid AIFs, UCITS or other money market funds including those managed by Octopus.</p> <p>VCT Qualifying Investments</p> <p>Investment decisions made must adhere to HMRC's VCT qualification rules. In considering a prospective investment in a company, particular regard is made to:</p> <ul style="list-style-type: none"> ● the strength of the management team; ● large, typically global, addressable markets; ● the investee company's ability to sustain a competitive advantage; ● the existence of proprietary technology; ● visibility over future revenues and recurring income; and ● the company's prospects of being sold or floated in the future, at a significant multiple on the initial cost of investment. <p>No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.</p>
B.35	Borrowing limits	The Company has the power in its articles of association to borrow 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.
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 Offer is designed is a UK taxpayer over 18 years of age with an investment range of between £3,000 and £200,000 who, having regard to the risk factors set out in Section D of this Summary, considers the investment policy detailed above to be attractive. This may include retail, institutional 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 single underlying asset or investment company	Not applicable. The Company will not invest more than 20% in a 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	<p>The Company and its Directors entered into an agreement dated 23 August 2016 with Octopus and Howard Kennedy subject 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 this agreement Octopus is paid a fee of up to 5.5% of the funds received under the Offer and an ongoing fee of 0.5% per annum of the latest net asset value 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, subject to these fees not exceeding, in aggregate, an amount that is equal to 2.35% of the Company's market capitalisation as at the date of the agreement, and has agreed to discharge all the external costs of advice and their own costs in respect of the Offer. Under the agreement certain warranties have been given by the Company, the Directors and Octopus to Howard Kennedy. 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 contracts of this type. The agreement can be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs. Octopus has agreed to indemnify the Company against the costs of the Offer exceeding 7.5% of the gross proceeds of the Offer.</p> <p>A management agreement (the "Management Agreement") dated 2 November 2007 between Titan 1, the Company and Octopus Ventures Limited (as novated to Octopus by a deed of novation dated 19 October 2009) and an administration agreement (the "Administration Agreement") dated 2 November 2007 between Titan 1, the Company and Octopus, (the Management Agreement and Administration Agreement both as varied by deeds of variation dated 7 February 2013 and 16 September 2014). The Management Agreement provides that Octopus will provide investment management services to the Company in respect of its portfolio of qualifying investments for a fee of 2% of the Company's NAV on an annual basis. The Manager is also entitled to a performance incentive fee under the Management Agreement and the Administration Agreement as set out below.</p> <p>In November 2014, the Titan VCTs were merged. At the time of the Merger all the Titan VCTs except for Titan 5 had met their performance fee hurdles (Titan 5 being the youngest of the Titan VCTs, having been incorporated in 2010). This currently continues to have an impact on the way the performance fee is calculated and paid.</p> <p>1. In respect of the proportion of the Company's fund equivalent to the previous Titan 5 shares at the time of the Merger, a performance fee of 20% of all gains above NAV plus cumulative dividends paid of 147.2p in the Company (equivalent to 100p per</p>

		<p>Titan 5 share prior to the Merger) is to be paid to the Manager. This becomes payable when both of the following conditions are met:</p> <ul style="list-style-type: none"> • The NAV plus cumulative dividends paid of the Company is 169.3p. This condition has not yet been met - NAV plus cumulative dividends was 154.7p per Share as at 30 April 2016; and • Further dividends are paid of 3.3p per Share after the Merger. This condition has been met - 9.0p per Share of dividends have been paid in the period from the Merger to 30 April 2016 <p>As the dividend paid condition has now been met, the lower threshold of 147.2p has been exceeded and it is considered likely that the upper threshold will be met in due course, this performance fee is currently being accrued (i.e. has not yet been paid) for gains above the 147.2p threshold: as at 30 April 2016, the Company had accrued £528,000 in respect of this performance fee which is taken into account in the published NAV of the Company.</p> <p>2. In respect of the remaining proportion of the Company's fund, a performance fee of 20% of all future gains above NAV plus cumulative dividends paid of 154.7p, subject to a high water mark (being the highest total return from a previous year end), will be payable to the Manager.</p> <p>3. Once the performance fee hurdles in relation to the previous Titan 5 hurdles are met, the Company's whole fund will be subject to a 20% performance fee on any future gains above NAV plus cumulative dividends paid of 169.3p, subject to a high water mark (being the highest total return from a previous year end), will be payable to the Manager.</p> <p>Pursuant to the Administration Agreement, Octopus provides administration services to the Company for a fee of 0.3% of the NAV of the Company on an annual basis and company secretarial services for a fee of £20,000 per annum.</p> <p>The deed of variation dated 16 September 2014 extended the term of the Management Agreement and the Administration Agreement for a further 5 years from completion of the Merger, subject to earlier termination in the event of the underperformance of the Manager, the departure of certain members of the Manager or as agreed by the Shareholders and the Manager, and thereafter the Management Agreement and Administration Agreement will be terminable by the parties thereto on 12 months' written notice.</p>
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	<p>The NAV of a Share is calculated by the Company in accordance with its accounting policies and is published at least every six months through a Regulatory Information Service.</p> <p>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.</p>

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 of Shares 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 a range of industries as outlined in the investment policy. As at 30 April 2016 (the date to which the most recent unaudited financial information has been drawn up), the Company's portfolio of investments comprised, by value, £188,265,000.
B.46	Most recent Net Asset Value	The unaudited NAV per Share as at 30 April 2016 was 95.7p. The unaudited NAV as at 22 August 2016 was 93.7p as it is ex-dividend.

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 GB00B28V9347 and B28V934 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 £70 million of funds raised, with an over allotment facility of up to a further £50 million.
C.4	Description of the rights attaching to the securities	<p><u>As Regards Income:</u> The holders of the Shares as a class shall be entitled to receive such dividends as the Directors resolve to pay.</p> <p><u>As Regards Capital:</u> 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.</p> <p><u>As Regards Voting and General Meetings:</u> Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each holder of Shares present in person or by proxy shall on a poll have one vote for each Share of which he is the holder.</p> <p><u>As Regards Redemption:</u> The Shares are not redeemable.</p>
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 issued

		pursuant to the Offer 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 in the New Shares 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 Company is targeting a regular annual dividend of 5p with the potential to pay special dividends when there are significant gains from the sale of portfolio holdings.

Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer	<ul style="list-style-type: none"> 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 comprises most of the Company's portfolio, 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 the Shares to the extent that it has distributable reserves and cash available for that purpose. The Finance Act 2014 amended the VCT Rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from capital within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks. The Finance Act 2014 restricts income tax relief on subscription to a VCT after 5 April 2014 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.
D.3	Key information on the key risks specific to the securities	<ul style="list-style-type: none"> 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 their 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 net proceeds of the Offer, assuming a £120 million subscription and the maximum initial charge, will be £111 million. The costs and expenses (excluding VAT but including 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	<p>The Company's success, to date, has highlighted that the investment model used by the Manager is one that can lead to significant returns. The Board believes that the portfolio is well positioned to continue this trend, delivering capital growth to those investors able to take a long term view to investing in well-run UK companies. New funds raised will be used for new investments and follow-on investments to support the existing portfolio in accordance with the Company's published investment policy. The net proceeds of the Offer, assuming a £120 million subscription and the maximum initial charge, will be £111 million.</p>
E.3	Terms and conditions of the Offer	<p>The Offer Price will be determined by the following formula:</p> <ul style="list-style-type: none"> • the most recently announced NAV per Share of the Company, divided by 0.945 <p>Investors who are existing, or who were previously, shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1.0%, or by 2% if valid applications are received on or before 13 December 2016. Other Applicants whose valid applications are received on or before 13 December 2016 will benefit from costs of the Offer being reduced by 1.0%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus.</p> <p>The Company announces its NAV at least every six months. 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 will be ex-dividend. In respect of the Offer, the NAV per Offer 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 (except where the amount is less than the Offer Price of one New Share in which case it will be donated to charity), without interest.</p> <p>The Offer will be closed on full subscription, i.e. once the full £70 million plus the over allotment facility of £50 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.</p> <p>The Offer is conditional upon the passing of Resolutions 1 and 5 at the General Meeting.</p>
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 72.7% of the enlarged ordinary share capital of the Company immediately following the Offer, assuming that the Offer is fully subscribed, including the over allotment facility, at an Offer Price of 99.2p, and on that basis Shareholders who do not subscribe under the Offer will, therefore, be diluted by 27.3%.
E.7	Expenses charged to the investor	<p>For all investors, the Offer Price per 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. A more detailed explanation is set out at E3 above.</p> <p>In consideration for promoting the Offer, the Company will pay an initial charge of 3% of</p>

		<p>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:</p> <p>1) <u>A direct investment</u></p> <p>Investors who have not invested their money through a financial intermediary/adviser and have invested directly into the Company.</p> <p>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.</p> <p>2) <u>An advised investment where advice is received for an upfront fee with an ongoing adviser charge</u></p> <p>Investors who have invested in the Offer through a financial intermediary/adviser and have received upfront advice and will receive ongoing advice.</p> <p>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.</p> <p>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 a charity approved by the Board.</p> <p>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.</p> <p>3) <u>An advised investment where advice is received for an upfront fee with no ongoing adviser charge</u></p> <p>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.</p> <p>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.</p> <p>In both cases (2) or (3), should the investor choose to pay the adviser more than</p>
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		<p>2.5% or 4.5% respectively, the excess amount will have to be settled by the investor directly with the adviser.</p> <p>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.</p> <p>An initial commission of up to 2.5% of the investment will be paid by the Company to the intermediary. An annual ongoing adviser 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.</p> <p>These charges may, according to the proportion of Advised Investors where advice is received for an upfront fee only, create some limited reduction of the net asset value per Share immediately subsequent to subscriptions in the Offer being made. This effect will be mitigated and is ultimately expected to be more than compensated, for continuing investors, by the expected benefits derived from a larger pool of investable funds and the financial benefit in subsequent periods of the absence of ongoing adviser charges in respect of such investments.</p>
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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 its 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 Offer is conditional on the approval by Shareholders of Resolutions 1 and 5 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 Proposals.

The past performance of the Company 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.

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, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from 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.

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 their 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. Existing Shareholders should be aware that the sale of existing Shares within these periods could, therefore, put their income tax relief relating to the Offer at risk.

EXPECTED TIMETABLE, OFFER STATISTICS AND COSTS

Launch date of the Offer	23 August 2016
First allotment under the Offer	16 December 2016
Deadline for receipt of applications for final allotment in 2016/17 tax year	12 noon on 5 April 2017
Deadline for receipt of applications for final allotment in 2017/18 tax year	12 noon on 21 August 2017
Closing date of the Offer	22 August 2017

- 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 New Shares within ten business days of allotments and share and tax certificates are expected to be dispatched 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

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 NAV of gross sums invested in the Offer for up to 9 years

- 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.

LETTER FROM THE CHAIRMAN

Octopus Titan VCT plc

33 Holborn
London
EC1N 2HT

23 August 2016

Dear Investor,

With net assets of £309 million at 30 April 2016, we are proud to say that the Company is the largest VCT in the UK by some margin, bringing numerous benefits to both our Shareholders and the entrepreneurs we back. Yet despite its significant size, we remain firmly committed to the Government's objectives for the VCT industry, namely supporting young and early stage UK companies to grow.

The Government has enacted significant changes to the rules surrounding VCT investments over the last year or so. Over the two decades since VCTs were introduced, successive governments have adjusted these rules to ensure that VCT money continues to be directed where it is needed the most. Whilst causing more complexity for the Manager to deal with, I am pleased to say that we don't anticipate any significant changes to our activities or investment strategy as a result of the changes. We believe this is because the Company continues to focus its efforts on those companies and entrepreneurs the Government most wants to support, driving job creation and economic growth.

As at today, the result of the recent EU referendum is at the forefront of many people's minds. Beneath the headlines, given the lack of any meaningful precedent, not enough is known about the process for withdrawal from the EU and its implications. However, given what we do know at this stage, on balance we do not believe that the result of the referendum will have a significant effect on the Company's business. We remain confident that the entrepreneurs leading our portfolio companies are skilled at navigating change and maximising the opportunity that often comes with it.

Following last year's successful fundraise, I would like to thank Shareholders for their support in helping us to raise nearly £100 million. The fundraising was significantly over subscribed and closed to new applications on 5 April 2016, nearly five months ahead of our scheduled close date. Since the start of our last fundraising on 8 September 2015, excluding inflows from fundraising and company sales, we have already seen a cash outflow of £79 million. This comprised £47 million in respect of investments into new and existing portfolio companies, £17 million in respect of dividends, £6 million in respect of share buybacks and £9 million in respect of fund expenses.

With many of the portfolio companies continuing their impressive growth, we remain excited about both the wide range of new companies that are keen to work with us, but perhaps more importantly about the 50 or so entrepreneurial management teams and companies already within the Company's portfolio. Many of these companies now require further funding to reach their full potential. To build big and valuable businesses, they need the Company to support them at each stage of their development. It is against this backdrop that we are delighted to once again offer you an opportunity to acquire new shares in the Company.

In the last year the companies in the Titan portfolio grew their revenues by over 40%, generating nearly £150 million of additional revenue and creating over 800 new jobs¹. As Shareholders may remember,

our Manager tends to start by investing a small amount initially, and then, as a portfolio company gathers momentum, invest more, increasing our exposure to the high performers in the portfolio. This strategy relies on being able to continue to fund the companies in our portfolio and has served us well with an enviable performance history to date.

Whilst this means we will continue to raise money to invest in our portfolio of businesses, we will not necessarily increase the number of holdings in our portfolio dramatically. Over time we will selectively add new holdings and exit existing companies, but our primary focus will be on developing our existing holdings to their full potential. It has become clear that having one large fund investing in young cash hungry companies has proved significantly more efficient than running the five Titan VCTs.

The Offer

The Offer is intended for investors looking for the potential to generate high levels of tax-free capital growth from a portfolio of early-stage UK companies. Like most VCTs, the Company aims to return this investment performance back to Shareholders in the form of regular and special tax free dividends. Investors will benefit from immediate exposure to an existing portfolio of around 50 early stage companies operating in many different technology sectors, making it a great way to get broad exposure to this part of the UK economy. The Company is seeking to raise £70 million under the Offer, with an over-allotment facility of a further £50 million subject to demand. The Offer is conditional upon the passing by the Shareholders of Resolutions 1 and 5 at the General Meeting to be held at 3 pm on 6 October 2016 at 33 Holborn, London EC1N 2HT.

Tax benefits

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 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 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. For example, the Company has now paid (or announced for payment) 61p of tax-free dividends per Share since its launch in 2007.

Performance

The Company began investing in 2008, meaning many of its investments have already proven their resilience and potential to grow, despite an unfavourable economic environment in the wake of the financial crisis. The Company was launched in October 2007 and paid its first dividend in April 2009. This means it is a mature VCT featuring a number of established and fast growing companies within its portfolio, such as Secret Escapes, Calastone and Graze alongside a number of early stage investments. With a strong track record of converting investment performance into tax-free dividends for investors, the Company has proved popular with investors.

The diverse portfolio of investee companies continues to perform well and we are delighted that the Manager has been able to deliver a string of high profile company exits recently with SwiftKey being sold to Microsoft, Vision Direct being sold to Essilor, and Magic Pony Technology being sold to Twitter, all in 2016. These realisations demonstrate the continued success of the Manager's investment approach and

have enabled the Company to pay a 5p special dividend, in addition to the regular dividend, in April 2016.

As you would expect, investing in early stage companies is not without its failures. Since inception, just 20% of the early-stage companies that the Company has invested in have failed, which works out at around 14% of total capital invested. These losses are already reflected in the overall performance history, clearly demonstrating the benefits of having such a diverse portfolio of investments. Building a portfolio of this size gives us and our Manager greater confidence that when one of our companies fails, our other holdings can compensate.

The Company has an impressive performance track record, generating a total return of 65% over the last five years to 30 April 2016. This ignores the impact of any upfront fees on the investment return, assuming the starting value is after upfront fees have already been deducted. It does include the impact of all ongoing fees and charges and does not take into account any of the 30% upfront tax relief available on newly issued shares.

The Company continues to win numerous awards in respect of both its investment performance as well as its contribution to the UK's entrepreneurial scene. It was awarded "VCT of the Year" at the Investor Allstars Awards for 2014, "Best VCT" at the 2015 "What Investment" awards as well as "Best VCT" at Investment Week's Investment Company of the Year Awards 2015.

New investment opportunities

As well as follow-on investment in this established portfolio, the Ventures team at Octopus have developed a very healthy pipeline of new investment opportunities. Previous high profile success stories with companies such as **Zoopla Property Group**, **Graze.com** and **Secret Escapes** alongside more recent names **SwiftKey**, **Magic Pony Technology** and **Vision Direct** attract more of the best entrepreneurs who want help to grow their own companies. The investment team now reviews more than 1,000 potential investment opportunities in detail each year. This means they can be highly selective and pick those they believe offer the best opportunities for investment. They typically meet with around 250 of those companies and only invest into between 6 and 10 new companies each year. The Board believes that the portfolio is well positioned to continue delivering strong investment performance to those investors able to take a long-term view on investing in well-run smaller companies.

The Ventures team at Octopus

The team that manages the Company is currently 18 strong, featuring investment professionals, investor relations specialists and investment support, plus five Operating Venture Partners. As well as a combined investment experience of 150 years, they bring together a wide range of business skills and individual insights.

Before joining Octopus, many were well-established in other industries, such as consumer goods, professional services and technology. Some of the team were also entrepreneurs themselves, growing their own businesses before selling when the timing was right. Experience like this simply cannot be taught. It gives the team unparalleled insight into what it takes to build a successful business.

Usually one of the Ventures team sits on the board of the companies the Company invests in. This allows them to play a prominent role in the company's ongoing development.

While most of the Octopus Ventures team is based in London, they also opened an office in New York in 2016, giving the team an international presence. Many of our portfolio companies view the US as an attractive growth market. For example, when Graze.com, a Titan portfolio company, entered the US, they projected an additional £20 million in revenue in the first year. The New York office aims to make

the process of expanding into the US as easy as possible. It's just another way in which the Company can help support entrepreneurs to big, global businesses.

The Ventures team is supported by their wider network, offering help in everything from recruitment and consultancy to corporate connections and the Octopus Venture Partners play a key role in this. This network of around 90 entrepreneurs and business people typically have the opportunity to invest alongside the Company. Some even work with the Ventures team at Octopus to help provide hands-on support, practical advice and professional connections to the companies we invest in. Our Venture Partners include the founders of businesses such as Innocent Drinks and Betfair, as well as past and present senior management from companies such as Google, Orange, PayPal UK, Virgin, Vodafone, IBM, and Paddy Power.

This unique combination of resource allows Octopus to add real value to the companies that the Company invests in – both financially and through sound business advice. As a result, the team has established itself as one of the leading early stage venture capital teams in the UK. They have proven their ability to find great companies, to back the winners both financially and non-financially, and to help negotiate with the some of the world's leading technology companies, such as Google, Microsoft and Twitter to secure exits at very profitable valuations for the Company's investors.

Next steps

An application form can be found on the Company's website: octopusinvestments.com/titan. The Terms and Conditions of subscription for New Shares are set out on pages 74 to 80. I would like to thank all of our existing Shareholders for their enduring support of the UK's small businesses and entrepreneurs, and welcome new investors to the Company.

Yours sincerely

John Hustler
Chairman
Octopus Titan VCT plc

¹⁾ Relates to revenues for the years to December 2014 and 2015 and job numbers for the years to 31 March 2015 and 2016, sourced from the portfolio companies.

PART ONE: THE OFFER

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Example Exit

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), almost £458 million was invested in VCTs in the 2015/2016 tax year, the largest amount for a decade.

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 £70 million under the Offer, with an over allotment facility of a further £50 million. The minimum investment is £3,000. There is no maximum investment. Multiple Applications are permitted.

The Offer is conditional upon the passing by the Shareholders of Resolutions 1 and 5 at the General Meeting.

The Offer will remain open until 22 August 2017 unless fully subscribed at an earlier date and 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. New Shares issued will rank pari passu with the existing Shares from their date of issue.

Setting up a Direct Debit

For the first time, investors can now purchase the Company's shares by monthly direct debit.

Investors simply need to complete the 'direct debit' section in the Application Form. Octopus will collect this amount from an investor's bank account via direct debit on or around day 14 of every month.

At roughly three-monthly intervals, this money will be used to purchase New Shares. Share and tax certificates will be sent shortly after the regular share allotment dates which are currently scheduled for: December, March, June and August.

If the fundraise proves popular and looks to be reaching capacity early, the Company will stop taking new applications but will keep collecting money and allotting shares for existing direct debit customers. This aims to continue until the Offer formally closes on 22 August 2017.

At the close of the Offer Octopus will be in touch to inform investors whether the Company will be re-opening for new investment, and to see if investors would like their direct debit to continue under a new share offer.

Direct debits can be cancelled at any time by contacting your bank or building society or by calling Octopus on 0800 316 2295. Investors will need to let Octopus know before the first day of the month in order for them to cancel that month's collection. The full direct debit guarantee is available at the back of the Application Form.

Terms of the Offer

The full terms and conditions applicable to the Offer are set out on pages 74 to 80.

Use of funds

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 74 to 80.

Investment Policy and New Investment Policy

Investment Policy

The investment policy of the Company is as follows:

The Company's focus is on providing early stage, development and expansion funding to unquoted companies with the Company making a typical initial investment of £0.1 million to £5 million and will comprise a portfolio of largely unquoted companies, predominantly focussed within the following sectors:

- Technology
- Media
- Telecoms
- Consumer lifestyle and well-being
- Environment

The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of companies from a number of different sectors. In order to limit the risk to the portfolios that is derived from any particular investment, no more than 15% of the amount invested by shareholders in the Company will be invested in any one unquoted company (including both Qualifying and Non-Qualifying Investments).

Non-Qualifying Investments

An active approach is taken to manage the cash prior to investing in qualifying companies. As the Company has reached its investment target for HMRC, the majority of the remainder of funds will be invested in money market funds and other funds. By investing a proportion of its assets into these other funds, some exposure to a broad range of AIM-quoted and main market listed smaller and medium-sized companies is gained, whilst maintaining liquidity within the Company. The Company may also make Non-Qualifying Investments where the Investment Manager believes that the risk/return profile is consistent with the overall objective of the Company, which may include, from time to time, making a small number of investments or further investments in companies which meet the profile of a Qualifying Investment but would otherwise not be a Qualifying Investment.

Qualifying Investments

Now that the Company is through its initial Qualifying Investment period, the investment profile is expected to be:

- 75-85% in Qualifying Investments, primarily in unquoted companies
- 15-25% in cash, money market securities and funds managed by Octopus and other Non-Qualifying Investments.

The Company will not borrow money for the purposes of making investments. The investment decisions made must adhere to the HMRC qualification rules as set out in Part Two. In considering a prospective investment in a company, particular regard is made to:

- the strength of the management team;
- evidence of high margin products capable of addressing fast-growing markets;
- the company's ability to sustain a competitive advantage;
- the existence of proprietary technology; and
- the company's prospects of being sold or floated, usually within three to five years.

New Investment Policy

The Company was launched nine years ago in 2007 and since then its investment policy has remained unchanged. With the benefit of experience, the continuing evolution of the early stage investment environment and recent changes in VCT legislation, the Company feels it is appropriate to refresh the investment policy.

Whilst the Company has made changes to the terminology it applies to the investment sectors, in reality this is simply a change in the language used to describe the sectors rather than a change to the investment strategy itself. Instead of defining separately: Technology, Media, Telecoms, Consumer Lifestyle and Well-being, and Environment, the Company has simplified this to "a range of technology sectors" which it believes is simpler to communicate and more reflective of the way the Company thinks about its investments, both historic and future. The underlying portfolio has not changed and the type of companies the Company will invest in will not change.

The Company has also made changes to the types of non-Qualifying Investments it will make, which is purely to align with recent VCT legislative changes. The Company has also increased the top range of the % of Qualifying Investments that it will aim to hold from 85% to 90%. This, again, is reflective of changes in legislation restricting non-Qualifying Investments, meaning that the balance may shift slightly towards holding more Qualifying Investments.

The most significant change is the removal of the passage restricting the use of borrowing to make investments. The Company has no intention to make use of borrowing for this purpose in the immediate future; however it would like to align the investment policy with the Articles and remove any constraints

placed upon it by this clause to provide more flexibility into the future should any such need or desire arise.

The Company does not believe that the changes outlined will affect how the Company is managed on a day to day basis and will not affect the diversity of the Company's portfolio.

Subject to the passing of Resolution 3 at the General Meeting, the new investment policy will be as follows:

The Company's focus is on providing early stage, development and expansion funding to unquoted companies. The Company typically makes an initial investment of £0.1 million to £5 million and will make further follow on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology companies.

The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of investee companies from a number of different technology sectors. In order to limit the risk to the portfolio that is derived from any particular investment, at the point of investment no more than 15% of the Company by value will be in any one investment. Any borrowing by the Company for the purposes of making investments will be in accordance with the Company's articles of association.

The investment profile is expected to be:

- 75-90% in VCT qualifying investments, primarily in unquoted companies
- 10-25% in non-VCT qualifying investments or cash.

Non-VCT Qualifying Investments

An active approach is taken to manage any cash held, prior to investing in VCT qualifying companies. After the Company has ensured it satisfies all VCT investment qualification targets required by HMRC, the majority of the remaining cash will be invested in accordance with HMRC rules for Non-Qualifying Investments. Currently this includes liquid AIFs, UCITS or other money market funds including those managed by Octopus.

VCT Qualifying Investments

Investment decisions made must adhere to HMRC's VCT qualification rules. In considering a prospective investment in a company, particular regard is made to:

- the strength of the management team;
- large, typically global, addressable markets;
- the investee company's ability to sustain a competitive advantage;
- the existence of proprietary technology;
- visibility over future revenues and recurring income; and
- the company's prospects of being sold or floated in the future, at a significant multiple on the initial cost of investment.

No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

Conflicts of Interest

The Company has built strong relationships with many of the companies in which it invests, and sometimes uses different sources of funding to invest in the same companies. This can present "conflicts of interest" as explained below.

Investing alongside other Octopus funds

The Octopus Ventures team will usually invest funds from the Company along with funds from Octopus Eureka Enterprise Investment Scheme, the Octopus Venture Partners and potentially other Octopus managed funds, such as Octopus Eclipse VCT plc, and sometimes even Octopus itself. Through this co-investment, investors in the Company can have access to deals that may not have been possible without being part of the larger deal with other Octopus investors.

The role of Octopus employees

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 it has 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.

When could conflicts of interest be harmful to investors?

Sometimes the Company is unable to invest as much money as it would like, due to restraints such as the size of a company or the number of shares available. In these instances, the amounts being invested from different Octopus vehicles must be managed carefully. Similarly, when investments held by a number of different investors come to be sold, the interests of all parties may not be fully aligned. The Company has agreed policies and processes in place to make sure this is done fairly, but sometimes, investors may still be limited in the amounts they can invest or restricted in the timing of an exit.

Fees for our services

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). Such fees do not typically exceed 1.5% of the total amount invested annually by all Octopus managed funds (including the Company). This typical fee is based on an investment of £5 million and a holding period of five years. The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus.

Managing conflicts

The Company has a number of controls in place to manage conflicts of interest:

- The Ventures Investment Committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed;
- In cases where there are a large number of conflicts of interest or they are particularly significant, proposals are reviewed by a conflicts committee, which is responsible for ensuring conflicts are handled appropriately;
- As the Company is a publicly listed company, the Board is required to act independently and represent Shareholders' best interests at all times.

Performance History

The Company targets high levels of capital growth from a portfolio of early-stage UK companies. However, like most VCTs, rather than increasing the value of its shares, the Company aims to return this investment performance back to Shareholders in the form of regular and special tax free dividends.

The companies within the Octopus Titan portfolio grew revenues by over 40% in the last year generating £147m in additional revenue. Over this same time period over a third of the companies in the portfolio grew their revenues by more than 50%. This relates to revenues for the years to December 2014 and 2015 and is sourced from the portfolio companies.

The companies within the portfolio also created more than 800 jobs in the year to April 2016.

Five Year Discreet Performance

Year to 30 April	2012	2013	2014	2015	2016
Annual total return	2.7%	33.8%	9.6%	11.4%	7.2%
Annual dividend yield	1.9%	38.3%	5.6%	5.4%	9.2%
Returns on £5,000 invested on 30 April 2011 ²	£5,135	£6,870	£7,530	£8,388	£8,992

65% gain² →

Source: Octopus Investments, 30 April 2016.

The performance information above shows the total return of the Company for the last five years to 30 April, the Company's interim accounting period. The annual total return for the Company is calculated from the movement in net asset value (NAV) over the year to 30 April, with any dividends paid over that year then added back. The revised figure is divided by the NAV at the start of that year to get the annual total return. The NAV is the combined value of all the assets owned by the VCT after deducting the value of its liabilities (such as debts and financial obligations).

Performance shown is net of all fees and costs. The annual dividend yield is calculated by dividing the dividends paid per annum by the NAV at the start of the period.

²⁾ Note: This assumes the £5,000 invested is the value of the Shares held after upfront fees have already been taken and that the investment has been held for five years up until 30 April 2016. The cumulative total return shown above does takes into account all ongoing fees and costs and is inclusive of any dividends paid. It does not include any of the 30% income tax relief available on the initial investment, which investors would have been able to retain provided the Shares were held for a minimum of five years.

Past performance is not a reliable indicator of future results and may not be repeated. The NAV per Share may be higher than the Share price, which is the price you may get for the Shares on the open market. On 27 November 2014, the Titan VCTs merged into Octopus Titan VCT 2 plc, which was then renamed Octopus Titan VCT plc.

Octopus Titan VCT in numbers

- £1.2 billion: The current Zoopla Property Group market value. Octopus Titan VCT invested in 2009 and partially exited it in 2014 when it floated on the London Stock Exchange (source: London Stock Exchange, 31 July 2016).
- £309 million - The size of Octopus Titan VCT, making it the UK's largest Venture Capital Trust (source: Octopus, 30 April 2016).
- £147 million - The amount of additional revenue generated by Octopus Titan VCT's portfolio companies. This relates to revenues for the years to December 2014 and 2015 sourced from the portfolio companies.
- 1,000+ - Investment opportunities reviewed by the Ventures team each year. This leads to around 250 meetings with entrepreneurs and management teams.
- 800+ - The number of new jobs created by Octopus Titan VCT's portfolio companies (12 months to April 2016 sourced from the portfolio companies).
- 50 - The typical number of companies in Octopus Titan VCT's current portfolio.

- 6-10 - Average number of investments into new companies each year.
- 4 - The number of major technology corporations that have bought an Octopus Titan VCT portfolio company: Amazon, Google, Microsoft and Twitter.

Past performance is not a reliable indicator of future results. All statistics are sourced to Octopus, 23 August 2016, unless otherwise stated.

Investor testimonials

"I've been an investor with Octopus since 2013 and have been pleased with both the investment return from their funds and with the investor care service provided by their staff. Last year, I was looking for an investment with a little more upside potential and made two investments with Octopus' Titan VCT. I've been very happy so far with the performance of my Octopus investments, their dividend policy and the way the team keep investors up to date with performance of funds they hold as well as with news of new issues. I plan to invest again with Octopus this year and will probably choose their Titan VCT again."

John - Age 51, technology strategy consultant, financially comfortable, first invested in Octopus Titan VCT in December 2015

"I have been pleased with early dividends, particularly from the SwiftKey sale and the year-end dividend announcement. I would recommend to other friends or family."

Nigel - Age 58, corporate director, financially comfortable, first invested in Octopus Titan VCT in December 2015

Dividend Policy and Dividend Reinvestment Scheme

VCTs are able to make dividend payments from distributable reserves. In order to retain qualification 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 of 5p per annum with the potential to pay special dividends as investments are realised at a significant profit. To date the Company has announced total dividends of 61p per Share to investors.

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.

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 intends to buy back Shares at up to a 5% discount to the prevailing net asset value. The Board believes this makes an investment in the Company attractive to both current and future Shareholders. All buybacks are subject to the Company having sufficient funds available and are at the discretion of the Board. There may be periods during a year where the Company will be prohibited from buying back Shares 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.

The Board

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

John Hustler (Chairman)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He was chairman of Northern Venture Trust plc and RenaissanceRe Syndicate Management Limited until December 2014 and December 2015 respectively and is chairman of Hygea vct plc. He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and chairman of its Corporate Finance Faculty from 1997-2000 and was a member of the Council of the British Venture Capital Association from 1989-1991.

Matthew Cooper

Matt is the chairman of Octopus. Prior to joining Octopus, Matt was the Principal Managing Director of Capital One Bank (Europe) plc where he was responsible for all aspects of the company's strategic direction and day-to-day operations in Europe. He led the UK portion of the business from start-up to two million customers, generating revenues of over £275 million and employing over 2,000 people. Matt is also chairman of Imaginatik plc, ClearlySo Limited and Tandem Bank Limited and a non-executive director of Vouchedfor Limited and Octopus Eclipse VCT plc.

Mark Hawkesworth

Mark retired as an investment partner at Nova Capital Management Limited in January 2010, having spent more than 25 years in the private equity industry. Prior to joining Nova, he was a senior partner at Baring Private Equity Partners and also spent 12 years at Lazard. Mark originally trained as an electrical engineer and spent his early career working for international engineering companies such as Taylor Woodrow, Trafalgar House and BICC/Balfour Beatty. Mark is currently the Treasurer of The Gordon Foundation which supports a successful State boarding school.

Jane O'Riordan

Jane is the Managing Director of Yellowwoods (previously Capricorn) Associates UK Limited, a private equity and venture capital advisory firm where she has been involved in the strategic development of companies such as Nando's, Gourmet Burger Kitchen, Pizza Express/Gondola and Broker Network as well as many others. Prior to joining Capricorn in 1997, Jane was a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche. In addition to over 20 years of private equity, venture capital and management consulting experience, Jane worked for three years with British

Aerospace as a spacecraft systems engineer. Jane has a first class BSc in mechanical engineering and an MBA from Harvard Business School.

The Investment 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 440 employees and £5.8 billion in assets under management (Source: Octopus investments Limited, August 2016). They have tens of thousands of clients and have 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 investment manager, managing over £600 million of VCT money on behalf of over 25,000 investors (Source: Octopus Investments Limited, August 2016).

The Octopus Ventures team are the investment managers for the Company and comprise the following members:

Alex Macpherson

Alex has been in the same position as many entrepreneurs having started, built and sold his own business. He founded Katalyst Ventures with his colleagues in 2000, creating the private angel network which would later be known as the Octopus Venture Partners. Over seven years, Alex led the business as CEO until its sale to Octopus in August 2007, providing succession plans for the executive team as the Titan series of VCTs were raised to invest alongside the newly branded Octopus Venture Partners. Since 2007, the amount of assets that the Ventures team manages has risen from approximately £20 million to in excess of £500 million at a time when the economy has seen the worst financial crisis in a generation.

Alex is chairman of the Octopus Ventures Investment Committee, remaining actively involved in new deal transactions, portfolio management, exits and new fund creation. Under Alex's leadership, the Ventures team at Octopus has established itself as one of the leading European venture capital houses.

Jo Oliver

Jo became a Venture Partner in 2005. Having run several businesses of his own, from publishing surf books to property development, and having made numerous angel investments, including many as an Octopus Venture Partner, Jo joined as a director in the Ventures team in May 2009. He is involved in the team's investment process, portfolio management and fundraising activity, as well as sitting on a number of the boards of investee companies in the portfolio, including Amplience, Currency Fair, Iovox, Property Partner and SwiftKey, which was acquired by Microsoft earlier this year.

Jo qualified as a chartered accountant in 1995. He spent seven years working as a research analyst at NatWest, Merrill Lynch and Lehman Brothers, where he led a top rated equity research team specialising in the European mobile telecoms sector including companies such as Vodafone, Orange and O2.

Alan Wallace

Alan brings over 30 years of experience in marketing, general management and strategic planning to the selection and development of management teams. Prior to founding Katalyst with his colleagues and its subsequent sale to Octopus Investments, he held senior marketing positions in fast moving consumer goods companies: Sara Lee, Rank Hovis McDougall, Cambridge Nutrition and Great Universal Stores. His experience as a general manager includes Managing Director of Cambridge Nutrition, Dairy Crest and Premier Brands. Alan has also been a Non-Executive Director of Lingarden.

Alan holds a B.A.(Hons) in Economics (Liverpool University) and a PhD in Business Administration (University of Manchester).

Alliott Cole

Having spent over eight years making investments in London and working closely with the portfolio, Alliott is now based in the New York Office of Octopus Ventures. His main role day to day is to help our portfolio of investments research the US market and then plan and execute their market entry there. He began his career in Corporate Law with Ashurst LLP and has held board positions in a number of Octopus portfolio companies including Graze.com, Secret Escapes, Rangespan (acquired by Google), TrialReach, and Conversocial, among others in recent years. He holds a Masters in Classics from Oxford University.

Eyal Rabinovich

Eyal Joined the team in 2016, and focuses on the assessment of investment opportunities, deal origination and ongoing portfolio management. He has an active interest in businesses focussing on mobile, digital marketing, big data and AI.

Eyal brings 13 years of experience in the technology industry with 8 years of experience in business development, product management and marketing, fundraising more than \$17 million from global investors, establishing strategic partnerships and building a network of 70 million mobile players.

Prior to joining Octopus Ventures, Eyal co-founded PlayScape, a leading mobile game publisher where he managed the world-wide marketing and business development activities as VP Business Affairs. As an entrepreneur with extensive experience in developing and marketing consumer-facing products, he worked with developers to distribute and commercialise their apps and games. Prior to that, Eyal served as an officer in an elite IDF Navy unit, in addition to being a Senior Software Engineer at Hedge-Tech Financial Engineering, and VeriFone.

Eyal holds an MBA from INSEAD.

Frederic Lardieg

Frederic joined the team in 2012. He is responsible for sourcing, executing and managing venture capital deals and focuses on investments in mobile, internet and digital technologies.

In 2000, Frederic was one of the early employees of Digital Rum, a start-up that raised more than \$20 million from leading European and US venture capital firms. The company sold mobile commerce solutions to the major telecommunication companies in Europe, expanded in three different countries and grew to more than 100 employees. Digital Rum was acquired by Velti, a mobile marketing company, in 2006.

Prior to joining Octopus, Frederic worked at Vodafone Ventures, the venture capital arm of Vodafone, where he led Vodafone's investment in Vouchercloud, the leading mobile couponing player in the UK. Previous experience also includes working in the corporate strategy team for Sony Ericsson, the mobile handset manufacturer now called Sony Mobile.

Frederic has an MSc in Industrial Engineering and an MBA from INSEAD.

George Whitehead

George has worked in the venture capital industry for ten years and has built up relationships with many of Europe's leading investors and entrepreneurs. He is focused on developing Octopus' network of entrepreneurs and the Octopus Venture Partners.

George joined Octopus in July 2011 from NESTA Investments' £50 million Venture Capital Fund where he held the position of Business Development Director and ran a portfolio of programmes aimed at supporting growth companies. He began his career as an investment manager at Oxford Innovations, where he managed the Oxford Investment Opportunity Network (OION), one of Europe's most successful private investment networks, before moving on to successfully turnaround and manage the incubations programme for the University of Toronto's Technology Transfer Office. George is also co-founder and Chairman of the Angel Cofund, a £100 million Government backed fund focused on co-investing with angel investors.

Luke Hakes

Luke joined Octopus at the beginning of 2009. A former scientist and technology consultant, Luke has a particular interest in deep technology opportunities, although he has experience of working with a number of early stage businesses across a range of different sectors. Luke has led investments into and served on the boards of a number of investee companies including Evi (acquired by Amazon), Magic Pony (acquired by Twitter), Eve Sleep and MIRACL amongst others.

Luke holds a degree in Biochemistry and Biotechnology, a Masters in Computational Biology and a PhD in Computational Genetics.

Malcolm Ferguson

Malcolm joined the Ventures team in 2013, focused on the assessment of investment opportunities, deal origination and ongoing portfolio management. Prior to joining Octopus, Malcolm spent a number of years in the investment banking industry, firstly within the TMT team of Bank America Merrill Lynch in London and then subsequently at GP Bullhound, a leading boutique investment bank, focussing exclusively on technology businesses.

Malcolm splits his time between the assessment of investment opportunities, deal origination for investments between £250,000 to £25 million and ongoing portfolio management. Malcolm is a Non-Executive Director of various portfolio companies including; Metrasens, Segura Systems, Sofar Sounds, Stratajet and Trialreach. Malcolm holds a first class degree in BBA Management from Lancaster University.

Oliver Birch

Oliver joined the Ventures team in 2015. He splits his time between screening early stage deal flow, carrying out due diligence and working with portfolio companies.

Prior to joining Octopus, Oliver was CTO of Entrepreneur First, an angel backed start-up that built tools to enable financial traders to overcome emotional biases and to optimise their risk. Prior to starting his own business, Oliver studied Computer Science at Cambridge where he also spent time developing iOS apps as well as working as a software engineer in the wireless team at Cambridge Consultants.

Rebecca Hunt

Rebecca joined the Ventures team in 2012, focused on the assessment of investment opportunities, deal origination and ongoing portfolio management. Having spent a number of years advising companies on their M&A activity, her specialist interests are the consumer marketplaces, eCommerce, retail and fashion technology as well as having a keen interest in the financial technology sector.

Prior to joining Octopus, Rebecca spent five years working in the Corporate Finance department at Deloitte, firstly in the Transaction Services department and later in the Corporate Finance Advisory division, where she was involved in a diverse range of M&A and capital market deals across a range of sectors.

Rebecca is a qualified chartered accountant, and has a first class honours degree in Accounting and Finance from the University of Southampton.

Samantha Ling

Samantha joined the Ventures team at Octopus in 2008 while the first Titan VCTs were still being established. She focuses on investor relations and the operation of the Ventures team, managing the various stakeholders in the funds managed by the team (including the Venture Partners and their individual portfolios), as well as various investment and portfolio processes as a whole.

Prior to joining Octopus, Samantha spent a number of years supporting and working with international teams and clients in the oil and gas and software industries at PVM Oil and then Det Norske Veritas, implementing and leading international processes and projects, including leading the rollout of a new global CRM system. She also spent time as a project coordinator at the Royal College of Nursing. Samantha holds a CFA UK Level 3 Certificate in Investment Management.

Simon King

Simon joined the team at the beginning of 2012 and focuses on early stage deal flow, screening investment opportunities and performing preliminary due diligence. He has an active interest in businesses focussing on EdTech, IoT and Machine Learning. Within the Octopus portfolio, Simon works closely with Surrey NanoSystems, Origami Energy, Trafi, WaveOptics and SmartKem.

Before joining Octopus, Simon was a research scientist investigating novel materials for photovoltaic applications at Imperial College in London. Simon holds an MA and MSc in Physics and a Ph.D. in Molecular Electronics.

Simon Andrews

Simon is responsible for the portfolio management of the team's early stage investments, and sits on the boards of a number of companies in the portfolio. He has a particular expertise in software and service companies having spent ten years covering the sector as a research analyst at Jefferies, Lehman Brothers, Merrill Lynch and BNP Paribas.

He joined Octopus in 2010 having spent four years working at Silicon Valley Bank where he worked with a number of venture backed companies across a wide range of sectors providing debt and equity funding solutions to them.

Simon graduated from the University of Southampton and Grenoble University and is a fluent French speaker.

Will Gibbs

Will joined the team in 2013. He is now based in the New York office of Octopus Ventures and splits his time between deal origination for investments and helping portfolio companies looking to internationalise to the US.

Prior to joining Octopus, Will set-up and scaled an organic spirits company and a rare breed pig farm, and holds a degree in Ancient History from the University of Oxford. Will now sits on the Board of a range of portfolio companies including Chronext, Permutive and Behaviosec.

The team is completed by a support team of three, and complemented by a number of Venture Partners.

Management Remuneration

Full details of the Manager's remuneration are set out at paragraph 8.5 of Part Five.

Example Investments

Property partner: invest in residential property at the click of a button

Residential property is the UK's largest asset class, valued at more than £5 trillion, while the buy-to-let market involves transactions of more than £20 billion each year. But investing in property involves a large initial cash outlay and a heavy administrative burden.

Property Partner makes it easy for anyone to invest in residential property, removing these burdens and allowing people to invest at the click of a button. It's an online crowdfunding platform for residential rental property, enabling anyone to buy shares in properties from as little as £50, trade their holdings easily online and earn an estimated return of 10% per year. In the 18 months since launching in January 2015, Property Partner has enabled the purchase of over 230 properties costing in excess of £35 million.

"We're passionate about making it easy, affordable and even enjoyable for anyone to invest in residential property. We're delighted to have the backing and support of an experienced investor such as Octopus to help us achieve our vision of making property accessible to all."

Daniel Gandesha founder and chief executive officer, Property Partner

Tails.com: tailor-made food, delivered to your door, for healthier happier dogs

In the UK, the dog food market is already worth £1.6 billion and the online market for pet supplies is growing at an impressive rate. The Ventures team were close to the founders of tails.com having successfully backed some of them at Graze.com, and prior to that at Lovefilm. This seasoned team of entrepreneurs saw the opportunity to build a business delivering dog food to customers every month in the perfect quantity, with free ongoing deliveries. What makes tails.com different is that it tailors each bag of food to provide the ideal nutrition for each dog based on its individual needs and preferences. This is a big market with a fifth of pet owners already feeding their pets according to specific diets.

Orders are managed online and customers can pause, delay or cancel their orders at any time. Customers are alerted by email when the next delivery is being prepared, and it's delivered straight to their doorstep, so no more heavy bags to carry home from the shops. Tails.com is earning a strong reputation in customer satisfaction averaging 9.7 out of 10 for customer satisfaction after amassing almost 4,000 reviews (Source: uk.trustpilot.com/review/tails.com). The company also continues to perform well: now feeding over 40,000 dogs and growing revenue by 5x in the twelve months to July 2016.

“At tails.com we are changing the lives of dogs and their owners for the better and Octopus have played a key role in our success to date. Beyond simply investing capital they have supported us through introductions to other portfolio companies and industry experts, access to training programmes and events, and valuable input in board meetings.”

James Davidson co-founder and chief executive officer, Tails.com

TrialReach: saving lives by speeding up the clinical trial process

Healthcare and pharmaceutical companies use clinical trials to develop new medicines and treatments. However, it can be hard to find enough people willing to participate in these trials. In fact, 80% of clinical trials are delayed or closed because researchers cannot find enough patients with specific disease profiles. Not only does this cost these companies' time and money, it can also delay important research. TrialReach has developed the world's largest machine-readable clinical trial database, which successfully matches willing participants with local trials appropriate to their condition. With no direct competitors operating on the same scale, TrialReach has made good progress since our original investment in 2013 and now has agreements in place with a number of the world's largest pharmaceutical companies, including Pfizer and Novartis. In conjunction with June 2016's Cancer Moonshot Summit in Washington, DC, the White House also recently announced that TrialReach will be supporting a new plan for re-designing how patients and oncologists find and learn about cancer clinical trials through its new trial matching platform.

“Octopus has been a great investor for TrialReach. They understand what it takes to build and scale a global business and, accordingly, they are focused on the right metrics for growth. Our Board representative is unfailingly supportive and he can always be counted on for constructive and insightful input.”

Keith Lovell chief financial officer, TrialReach

Stratajet: online search and booking for private jets

With 700 operators and 2,400 aircraft, the private aircraft industry in Europe alone is worth \$5 billion in potential annual bookings. But it is also highly inefficient. Almost half of all flights have no passengers on board because the planes are either being repositioned for future flights or returning home.

Stratajet is helping private jet operators run their fleets more efficiently. Its technology allows passengers to check what aircraft and airport options are available, and book their private jet online. This should lead to reduced airfares and allow private jet operators to compete with the more expensive business class and first class seats on commercial flights. The company is developing well with up to 1.4 million quotes generated per day, up to a 60% price saving on some flights and 30% of its customers being new to private aviation.

“Octopus has played a pivotal role in building Stratajet’s success. With an entrepreneur-centric approach, Octopus has supported our vision of disrupting the private aviation industry. Through our partnership, we have been able to take Stratajet to the next level and work towards achieving our long-term vision.”

Jonny Nicol founder and chief executive officer, Stratajet

Example Exit

SwiftKey: a portfolio success story

In 2008, Jon Reynolds and Ben Medlock had a very simple idea: typing on mobile phones was too clumsy, and there had to be a better way. With funding from Octopus Titan VCT, the company they founded became a global success.

Today, hundreds of millions of people around the world, and many of the leading mobile manufacturers, rely on the language prediction technology Jon and Ben created. Even if you haven’t heard of SwiftKey, the app they developed, there’s a good chance it has had an impact on your life, and the lives of the people around you. SwiftKey users across 300 million mobile devices have saved an estimated 10 trillion keystrokes across 100 different languages.

SwiftKey and Octopus

Octopus Titan VCT made its first ‘seed’ investment in SwiftKey in 2010, before its app was even launched. As usual, we started small, and continued to invest larger sums as the company started to realise its potential.

SwiftKey started with just Jon and Ben, but by 2016 it was employing around 160 people, and making a significant contribution to the UK economy. This expansion was supported by additional funding at key stages of its growth.

Reaching critical mass

SwiftKey was already Google’s most successful ‘paid for’ app two years running before it was launched on Apple’s iOS operating system in 2014. It rapidly became Apple’s number one free app. In February 2016, SwiftKey was acquired by Microsoft Corporation. This resulted in strong returns for Octopus Titan VCT investors and is important for three reasons:

- First, significant exits often means the VCT can pay out special dividends to its investors. In the case of SwiftKey, a special dividend of 5p per share was paid, in addition to the regular annual dividend, to every Octopus Titan VCT investor.
- Second, the rest of the proceeds can be put to good use – either by investing in new companies or by supporting our existing portfolio companies as they grow and develop.
- Third, VCTs were introduced precisely to help fund entrepreneurial companies like SwiftKey. SwiftKey is a ‘poster child’ for the benefits of VCT funding, and an inspiring example to ambitious entrepreneurs everywhere. For Octopus Titan VCT, success can often breed further success, and news of SwiftKey has seen many talented entrepreneurs approach us to see how we can help them build their own businesses

The Company has been thrilled to play a part in the success of SwiftKey, and proud to have given VCT investors the opportunity to share in the growth of a British entrepreneurial success story. Of course, not every company in which the Company invests will go on to be as successful as SwiftKey, and the failure of some early stage portfolio companies is to be expected. But over the years, just 20% of the early-stage companies that the Company has invested in have failed, which works out at around 14% of total capital invested, all of which are factored into the full performance history.

“As with any business there are some great moments but also challenges along the way. Octopus stood by us as a company at some key moments and their backing was an important factor in our overall success.”

Jon Reynolds chief executive officer and one of the founders of SwiftKey.

Past performance is not a reliable indicator of future results. Company quotes sourced July 2016. Company examples are for illustrative purposes only. They should not be considered as an investment recommendation.

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 2016/17 and 2017/18 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. Existing Shareholders should be aware that the sale of existing Shares within these periods could, therefore, put their income tax relief relating to the Offer at risk.

1.2 Dividend relief

Dividends paid on ordinary shares in a VCT are free of income tax. VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. Dividends paid from realised profits may be made without loss of VCT status.

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.

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

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

- (i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);

- (ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15%, by value, of the VCT's total investments at the time of investment;
- (iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period;
- (iv) the VCT must not be a close company. Its ordinary share capital must be listed on a regulated European market by no later than the beginning of the accounting period following that in which the application for approval is made;
- (v) at least 70%, by value, of its investments is represented by shares or securities comprising Qualifying Investments;
- (vi) for funds raised before 6 April 2011, have at least 30%, by value, of its Qualifying Investments represented by holdings of ordinary shares which carry no present or future preferential rights to dividends, return of capital or any redemption rights;
- (vii) for funds raised after 5 April 2011, have at least 70%, by value, of the VCT's Qualifying Investments 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 ended on the date of the investment;
- (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 if the company is deemed to be a Knowledge Intensive Company) 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 a turnover test is satisfied;
- (xii) no funds received from an investment into a company can be used to acquire another existing business or trade; and
- (xiii) the VCT must not make a non-Qualifying Investment other than those specified in section 274 ITA 2007.

"Qualifying investments" comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies which 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 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 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.

5.2 Taxation of a VCT

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

PART THREE: FINANCIAL INFORMATION ON THE COMPANY

Audited financial information on the Company is published in the annual reports for the years ended 31 October 2013, 31 October 2014 and 31 October 2015 and unaudited information in the interim reports for the six month periods ended 30 April 2015 and 30 April 2016.

The annual reports referred to above were audited by James Cowper LLP, 3 Wesley Gate, Queen's Road, Reading, Berkshire, RG1 4AP. All reports were without qualification and contained no statements under section 498(2) or (3) of the CA 2006. The annual reports for the years ended 31 October 2013 and 31 October 2014 were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepting Accounting Practice), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' and the annual report for the year ended 31 October 2015 and the interim reports for the 6 month periods ended 30 April 2015 and 30 April 2016 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, together with the interim reports referred to above, are being incorporated by reference and can be accessed at the following website:

octopusinvestments.com

The Company and the Directors confirm that the Company's most recent two years' financial information (the annual report for the year ended 31 October 2014 having been prepared under United Kingdom Generally Accepting Accounting Practice and the annual report for the year ended 31 October 2015 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 (which will be prepared under Financial Reporting Standard 102) having regard to accounting standards, policies and legislation applicable to such annual financial statements in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

Where these documents make reference to other documents, such other documents, together with those pages of the annual and interim 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 October 2013	31 October 2014	31 October 2015	30 April 2015	30 April 2016
	<u>Annual Report</u>	<u>Annual Report</u>	<u>Annual Report</u>	<u>Half Year Report</u>	<u>Half Year Report</u>
Balance Sheet	Page 50	Page 52	Page 54	Page 16	Page 14
Income Statement (or equivalent)	Page 47	Page 49	Page 53	Page 14	Page 12

Statement showing all changes in equity (or equivalent note)	Page 49	Page 51	Page 55	Page 15	Page 13
Cash Flow Statement	Page 51	Page 53	Page 56	Page 17	Page 15
Accounting Policies and Notes	Page 53	Page 55	Page 57	Page 19	Page 16
Auditor's Report	Page 44	Page 46	Page 50	n/a	n/a

Such information also includes operating/financial reviews as follows:

Description	31 October 2013 <u>Annual Report</u>	31 October 2014 <u>Annual Report</u>	31 October 2015 <u>Annual Report</u>	30 April 2015 <u>Half Year Report</u>	30 April 2016 <u>Half Year Report</u>
Performance Summary	Page 1	Page 1	Page 1	Page 6	Page 2
Results and Dividends	Page 7	Page 8	Page 9	Page 7	Page 4
Investment Policy	Page 5	Page 6	Page 7	n/a	n/a
Outlook	Page 8	Page 10	Page 11	Page 10	Page 7
Manager's Review	Page 15	Page 15	Page 18	n/a	n/a
Portfolio Summary	Page 18	Page 19	Page 22	Page 11	Page 9
Business Review	Page 10	Page 11	Page 13	n/a	n/a
Valuation Policy	Page 18	Page 19	Page 23	n/a	n/a

As at 30 April 2016, the date to which the most recent unaudited financial information on the Company has been drawn up, the Company had unaudited net assets of £309,060,000.

PART FOUR: INVESTMENT PORTFOLIO AND PRINCIPAL INVESTMENTS OF THE COMPANY

The investment portfolio of the Group as at the date of this document representing more than 50% of the NAV of the Company is as follows (the valuations being the unaudited valuations as at 30 April 2016):

Investments held by the Company

Investments	sector	Investment cost at 30 April 2016 (£'000)	Unrealised profit/(loss) (£'000)	Carrying value at 30 April 2016 (£'000)
Zenith Holding Company Limited	Other	24,843	8,638	33,481
Secret Escapes Limited	Travel	15,636	3,973	19,609
Sourceable Limited	Ecommerce	7,550	4,347	11,897
Uniplaces Limited	Property	5,847	4,781	10,628
Amplience Limited	Technology	9,905	18	9,923
Sofar Sounds Limited	Music	7,819	1,108	8,927
London House Exchange Limited	Property	5,175	2,922	8,097
Zynstra Limited	Technology	6,190	787	6,977
Miracl Limited	Technology	8,341	(1,404)	6,937
Conversocial Limited	Technology	4,157	2,381	6,538
Other*	NA	91,211	(12,113)	79,098
Total		186,674	15,438	202,112

* includes 42 investments (Adbrain Limited, Affectv Limited, Aframe Media Group Limited (In Administration), Artesian Solutions Limited, Behaviometrics AB, Big Health Limited, Bowman Power Limited, BridgeU Corporation, Chronext AG, CurrencyFair Limited, Ecrebo Limited, Elliptic Enterprise Limited, e-Therapeutics plc, Eve Sleep Limited, Excession Technologies Limited, Hubbub Deliveries Limited, Iovox Limited, Kabbee Exchange Limited, Leanworks Limited, Mailcloud Limited, Metrasens Limited, Michelson Diagnostics Limited, Mi-Pay Group plc, Origami Energy Limited, Oxcis Aviation Limited, Permutive Inc., Phase Vision Limited (In Liquidation), Phasor Inc., Seedcamp III LP, Segura Systems Limited, Semafone Limited, Shopa Limited (In Liquidation), Smartkem Limited, Streetbees.com Limited, Streethub Limited, Surrey NanoSystems Limited, Tailsco Limited, The Faction Collective SA, Trafi Limited, TrialReach Limited, UltraSoC Technologies Limited & Wave Optics Limited)

Since 30 April 2016 there has been one disposal, the proceeds of which totalled £6 million and 12 acquisitions, the investment cost of which totalled £21 million.

Since 30 April 2016 there has been no significant change in the value of the Company's portfolio.

Investments held by Zenith Holding Company Limited

Zenith Holding Company Limited has a holding in Octopus Zenith LP, an Octopus managed fund, which holds stakes in Secret Escapes, Zoopla Property Group, Nature Delivered (Graze) and Calastone, which were formerly held by the Company, Titan 1 and Titan 3.

Founded in April 2007, Graze is the UK's first company to deliver natural, high energy foods by post, straight to the home or office. Customers can select Graze boxes created by the company or place orders for personalised assortments of foods. The company has offices in the UK and the US.

Calastone is the global fund transaction network. More than 810 customers in 24 domiciles are processing domestic and cross-border across Calastone's transaction network. Calastone is part of Fintech50 and European Fintech and is one of the UK Government Tech City Future Fifty companies.

Launched in 2008, Zoopla Property Group Plc owns and operates some of the UK's leading online property brands including Zoopla.co.uk and Primelocation.com. Over 16,500 estate agent and lettings agent branches across the UK advertise on the company's websites each month, attracting over 40 million visitors a month and generating over 2 million enquiries per month for the member state/letting agents and property developers. In addition to operating its own websites, Zoopla Property Group Plc exclusively powers the property search facility on a number of other websites in the UK including The Times, The Telegraph, Independent, Evening Standard, The Daily Mail, Homes & Property, AOL, MSN and Homes24. The company listed on the Premium main market of the London Stock Exchange on 23 June 2014.

Secret Escapes offers exclusive rates (up to 70% off) on members-only flash sales for luxury travel. Secret Escapes has offices in London, Sweden, Spain, Poland, Germany and the US.

PART FIVE: ADDITIONAL INFORMATION ON THE COMPANY

1) INCORPORATION

- 1.1 The Company was incorporated and registered in England and Wales on 12 October 2007 under the CA 1985 with registered number 6397765 as a public company limited by shares and with the name Octopus Titan VCT 2 plc. On 27 November 2014 the Company changed its name to its present name.
- 1.2 On 22 October 2007, 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 3942880 as a private company limited by shares. The address of Octopus' registered office is 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 OFFICES 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 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, Octopus Investments Nominees Limited and OCS Services Limited.
- 3.2 By ordinary and special resolutions passed by the Company on 2 October 2015, the Company authorised the Directors in accordance with Section 551 CA 2006 to allot Shares up to an aggregate nominal amount of £11,450,000 (representing approximately 50.6% of the Shares in issue as at 7 September 2015) and disapplied the pre-emption provisions of Section 561 of the CA 2006 in respect of any such allotment, in each case for a period expiring 18 months thereafter (unless previously revoked, varied or extended 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 £14.5 million (representing approximately 45.0% of the Shares in issue as at 22 August 2016), 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 £3.1

million (representing approximately 9.6% of the Shares in issue as at 22 August 2016), 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, the proposed change to the Company's investment policy, details of which are set out on page 6 and Part IV of the circular issued to the Company's shareholders dated 23 August 2016 (the "Circular") be approved;
4. that, the articles of association produced to the meeting, and for the purpose of identification initialed by the Chairman, be adopted as the articles of association of the Company;
5. that, 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 5 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 £14.5 million pursuant to offer(s) for subscription; and
 - (b) the allotment and issue of Shares up to an aggregate nominal value representing 10% 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;
6. that, 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 6 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;
7. 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 45 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 2018 (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;

8. that, subject to the sanction of the High Court the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled; and

9. that, subject to the sanction of the High Court the amount standing to the credit of the capital redemption reserve of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled.

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

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>Number</i>
Ordinary Shares	£0.10	32,238,883.9	322,388,839

3.5 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming the Offer is fully subscribed, including the over allotment facility, with 120,967,741 New Shares being issued at an Offer Price of 99.2p) will be as follows:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>Number</i>
Ordinary Shares	£0.10	44,335,658	443,356,580

3.6 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming the Offer is fully subscribed, including the over allotment facility, with 150,000,000 New Shares being issued at an Offer Price of 80.0p) will be as follows:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>Number</i>
Ordinary Shares	£0.10	47,238,883.9	472,388,839

3.7 The following allotments and repurchases of Shares have taken place since 1 November 2012:

Allotment date	Shares issued	Issue price (p)
28 March 2013	2,788,640	88.4
4 April 2013	1,019,437	88.4
5 April 2013	910,778	88.4

8 April 2013	363,863	88.4
15 April 2013	104,316	88.4
12 December 2013	3,193,090	100.8
28 March 2014	3,120,572	97.0
4 April 2014	2,686,161	97.0
4 April 2014	64,801	93.6
5 April 2014	151,706	97.0
17 June 2014	775,365	97.6
17 June 2014	6,504	93.6
24 July 2014	181,324	92.2
27 August 2014	2,946	92.2
21 November 2014*	173,484	98.9
27 November 2014**	140,597,475	97.7
1 December 2014	14,741,050	103.4
22 December 2014	3,214,629	103.4
16 February 2015	4,232,089	103.4
30 March 2015	15,633,985	103.4
4 April 2015	9,340,146	103.4
30 April 2015	1,961,807	103.4
30 June 2015	5,081,752	103.4
24 July 2015*	1,219,880	95.7
17 December 2015	29,223,993	108.7
29 January 2016	4,189,536	108.7
26 February 2016	4,957,159	108.7
22 March 2016	18,663,974	108.7
22 March 2016*	2,809	95.7
01 April 2016	19,806,320	108.7
06 April 2016	14,517,060	108.7
13 April 2016	5,444,706	108.7
29 April 2016*	5,674,930	95.7
10 June 2016*	57,679	95.7
05 July 2016	103,157	95.7

* Represents the issue of shares at NAV under the DRIS

** Represents the issue of shares at NAV on the merger of Titan 1, Titan 3, Titan 4 and Titan 5 with the Company

Buyback date	Shares bought	Price (p)
17 April 2013	353,679	84.25
30 April 2013	57,053	84.25
21 June 2013	57,000	84.25
27 June 2013	56,663	81.75
4 September 2013	155,521	82.0
25 October 2013	38,185	82.0
10 February 2014	157,801	90.25
8 April 2014	298,558	87.0
30 April 2014	69,160	87.0
19 September 2014	180,000	87.0
26 September 2014	126,945	87.0
13 February 2015	345,000	92.75
18 February 2015	321,270	92.75
13 March 2015	300,000	92.75
24 April 2015	650,000	92.75
30 April 2015	658,645	92.75
29 June 2015	130,000	92.75
6 July 2015	338,231	92.75

17 July 2015	246,051	90.75
15 September 2015	325,158	91.0
25 September 2015	1,416,116	91.5
30 October 2015	1,495,263	91.5
11 February 2016	380,000	98.1
17 February 2016	485,224	98.1
29 April 2016	1,114,397	91.5
27 June 2016	380,000	91.5
01 July 2016	353,625	91.5

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

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

3.10 The provisions of Section 561(1) of the 2006 Act (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 Shareholders in a general meeting is obtained, the Company must normally offer shares to be issued for cash to existing Shareholders on a pro rata basis.

3.11 No Shares 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.

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

3.13 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 November 2012.

3.14 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.

3.15 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.

3.16 The ISIN and SEDOL Codes of the Shares are GB00B28V9347 and B28V934 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	No. of Shares	% of Issued Share Capital
John Hustler	71,803	Less than 0.1
Matt Cooper	750,812	0.2
Mark Hawkesworth	65,310	Less than 0.1
Jane O’Riordan	45,037	Less than 0.1

4.2 Assuming that the Offer is fully subscribed, including the over allotment facility, with 120,967,741 New Shares being issued at an Offer Price of 99.2p, the interests of the Directors and their immediate families in the issued share capital of the Company immediately following the Offer will be:

Director	No. of Shares	% of Issued Share Capital
John Hustler	81,883	Less than 0.1
Matt Cooper	750,812	0.2
Mark Hawkesworth	75,390	Less than 0.1
Jane O’Riordan	55,117	Less than 0.1

4.3 The Company is not aware of any person who holds or who, assuming that the Offer is fully subscribed with 120,967,741 New Shares being issued at an Offer Price of 99.2p, will, immediately following Admission of the New Shares, hold (for the purposes of rule 5 of the Disclosure Guidance and Transparency Rules (“DGTR 5”)), 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 and 4.2 above, do not have voting rights in respect of the Shares (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, except for Matt Cooper who is a shareholder in Octopus Capital Limited, the holding company of Octopus, and Chairman of Octopus, which is a party to the agreements referred to in paragraphs 7, 8.1, 8.2, 8.3 and 8.5 below and consequently is interested in these agreements.

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)
John Hustler	Director	Hustler Venture Partners Limited	Y
	Director	Hygea vct plc	Y
	Director	Northern Venture Trust plc	N

	Director	RenaissanceRe Syndicate Management Limited	N
Matthew Cooper	Director	Imaginatik plc	Y
	Director	Imaginatik (Goswell) Limited	Y
	Director	Which? Financial Services Limited	N
	Director	Accesso Technology Group Plc (formerly LO-Q plc)	N
	Director	Clearly So Limited	Y
	Director	Vouchedfor Ltd	Y
	Director	Circus Space Events Limited	Y
	Director	National Centre for Circus Arts	Y
	Director	Circus Space Property Company Limited	Y
	Director	Tandem Bank Limited	Y
	Director	Ultimate Finance Group Limited	N
	Director	Ultimate Finance Holdings Limited	N
	Director	My Dish Limited	N
	Director	10Duke Software Ltd	N
	Director	The Mental Health Foundation	N
	Director	Knowledge & Merchandising Inc. Limited	N
	Member	Carbon Leadership LLP	Y
	Director	Octopus Investments Limited	Y
	Director	Octopus Capital Limited	Y
	Director	Octopus Eclipse VCT plc	Y
	Director	Octopus Apollo VCT plc	N
	Director	Octopus Eclipse VCT 2 plc (dissolved)	N
	Director	Octopus Eclipse VCT 3 plc	N

		(dissolved)	
	Director	Octopus Eclipse VCT 4 plc (dissolved)	N
	Director	Octopus Apollo VCT 1 plc (dissolved)	N
	Director	Octopus Apollo VCT 2 plc (dissolved)	N
	Limited Partner	Octopus Zenith Founder Partner LP	Y
	Director	Octopus Titan VCT 1 plc (dissolved)	N
	Director	Octopus Phoenix VCT plc (dissolved)	N
	Director	Independent Growth Finance Limited	Y
	Director	The Conservatoire for Dance and Drama	Y
	Director	Rise Capital Limited	Y
	Director	Lincoln Topco Limited	Y
Mark Hawkesworth	Director	The Gordon Foundation	Y
	Director	Procuritas Investment Manager II Limited	N
	Director	Procuritas Investment Manager Limited (dissolved)	N
	Director	BPEP Holdings Limited	N
	Director	ESD Managers Limited	N
	Director	Euralcom Group BV (in liquidation)	N
	Director	Octopus Titan VCT 3 plc (dissolved)	N
	Member	Baring Private Equity Partners Group LLP	Y

Jane O’Riordan	Director	Nando’s Limited	Y
	Director	Pilotspice Limited	Y
	Director	The Honor Chapman Foundation (formerly The Ducky Foundation)	N
	Director	The London Larder Company Limited	Y
	Director	Yellowwoods Associates UK Ltd	Y
	Director	Capricorn Advisors Limited	Y
	Director	Klein Moerbeij Estate (Pty) Limited	Y
	Director	Dynamo Restaurants Limited	Y
	Director	Capricorn Advisors LLP	Y
	Limited Partner	Wickstowe Management LLP	Y
	Limited Partner	Capricorn Marketing LLP	Y
	Director	Octopus Titan VCT 5 PLC (dissolved)	N

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

4.8 Save as set out below, 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.

Octopus Phoenix VCT plc, Octopus Eclipse VCT 2 plc, Octopus Eclipse VCT 3 plc, Octopus Eclipse VCT 4 plc, Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc, Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 5 plc and Procuritas Investment Manager Limited were all in voluntary liquidation prior to being dissolved. Mark Hawkesworth was on the supervisory board

of Euralcom Group BV which filed for insolvency in December 2007, with unsecured creditors amounting to approximately 40 million euros.

- 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, Octopus and the directors of Octopus do not have any conflicts of interest between their duties to the Company and their private interests or other duties except for Matt Cooper who is a shareholder in Octopus Capital Limited, the holding company of Octopus, and Chairman of Octopus, which is a party to the agreements referred to in paragraphs 7, 8.1, 8.2, 8.3 and 8.5 below and consequently is interested in these agreements.

5 DIRECTORS' LETTERS OF APPOINTMENT

John Hustler and Matt Cooper were appointed as Directors on 2 November 2007 subject to appointment letters of the same date. Mark Hawkesworth and Jane O'Riordan were appointed as Directors on 27 November 2014 subject to appointment letters of those dates. 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. John Hustler, as chairman of the Company, is entitled to annual remuneration of £35,000. Mark Hawkesworth, as audit Chairman is entitled to £30,000, while the annual remuneration receivable by Matt Cooper and Jane O'Riordan is £27,500 each. With effect from 1 May 2016, the annual remuneration of Matt Cooper will be paid by Octopus. None of the Directors has a service contract with the Company and no such contract is proposed. In respect of the year ended 31 October 2015, John Hustler received £25,000, Matt Cooper received £19,000, Mark Hawkesworth received £19,000, Jane O'Riordan received £19,000 and Mark Faulkner, who resigned as a Director on 27 November 2014, received £1,000.

6 THE COMPANY AND ITS SUBSIDIARY

The Company has one wholly owned subsidiary, Zenith Holding Company Limited, a limited company incorporated in the Cayman Islands whose registered office is at c/o Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Cayman Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands.

7 OFFER AGREEMENT

An agreement dated 23 August 2016, 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 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 latest 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, subject to these fees not exceeding, in aggregate, an amount that is equal to 2.35% of the Company's market capitalisation as at the date of the agreement, 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 Howard Kennedy. 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 statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs. Octopus has agreed to indemnify the Company against the costs of the Offer exceeding 7.5% of the gross proceeds of the Offer.

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 Group 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 Group and which contain any provision under which the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document:

- 8.1 The Offer Agreement, details of which are set out in paragraph 7 above.
- 8.2 An agreement dated 8 September 2015, 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 2015 Offer and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2015 Offer. Under the agreement Octopus was paid an initial fee of up to 5.5% of the funds received under the 2015 Offer and an ongoing fee of 0.5% per annum of the NAV of the investment amounts received from investors under the 2015 Offer who have 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 2015 Offer. Under this agreement certain warranties were given by the Company, the Directors and Octopus to Howard Kennedy. The Company 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 could be terminated if any statement in the prospectus relating to the 2015 Offer was untrue, any material omission from that prospectus arose or any breach of warranty occurred. Octopus agreed to indemnify the Company against the costs of the 2015 Offer exceeding 7.5% of the gross proceeds of the 2015 Offer.
- 8.3 An offer agreement dated 16 September 2014 between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) subject to which Howard Kennedy agreed to act as sponsor to the Company in respect of the 2014 Offer and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2014 Offer. Under the agreement Octopus was paid an initial fee of up to 5.5% of the funds received under the 2014 Offer and an ongoing fee of 0.5% per annum of the net asset value of the investment amounts received from investors under the 2014 Offer who have 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 2014 Offer. Under this agreement certain warranties were given by the Company, the Directors and Octopus to Howard Kennedy. The Company 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 could be terminated if any statement in the prospectus relating to the 2014 Offer was untrue, any material omission from that prospectus arose or any breach of warranty occurred. Octopus agreed to indemnify the Company against the costs of the 2014 Offer exceeding 7.5% of the gross proceeds of the 2014 Offer.

- 8.4 The letters of appointment of the Directors, details of which are set out in paragraph 5 above.
- 8.5 A management agreement (the "Management Agreement") dated 2 November 2007 between Titan 1, the Company and Octopus Ventures Limited (as novated to Octopus by a deed of novation dated 19 October 2009) and an administration agreement (the "Administration Agreement") dated 2 November 2007 between Titan 1, the Company and Octopus, (the Management Agreement and Administration Agreement both as varied by deeds of variation dated 7 February 2013 and 16 September 2014). The Management Agreement provides that Octopus will provide investment management services to the Company in respect of its portfolio of qualifying investments for a fee of 2% of the Company's NAV on an annual basis. The Manager is also entitled to a performance incentive fee under the Management Agreement and the Administration Agreement as set out below.

In November 2014, the Titan VCTs were merged. At the time of the Merger all the Titan VCTs except for Titan 5 had met their performance fee hurdles (Titan 5 being the youngest of the Titan VCTs, having been incorporated in 2010). This currently continues to have an impact on the way the performance fee is calculated and paid.

1. In respect of the proportion of the Company's fund equivalent to the previous Titan 5 shares at the time of the Merger, a performance fee of 20% of all gains above NAV plus cumulative dividends paid of 147.2p in the Company (equivalent to 100p per Titan 5 share prior to the Merger) is to be paid to the Manager. This becomes payable when both of the following conditions are met:
 - The NAV plus cumulative dividends paid of the Company is 169.3p. This condition has not yet been met - NAV plus cumulative dividends was 154.7p per Share as at 30 April 2016; and
 - Further dividends are paid of 3.3p per Share after the Merger. This condition has been met - 9.0p per Share of dividends have been paid in the period from the Merger to 30 April 2016

As the dividend paid condition has now been met, the lower threshold of 147.2p has been exceeded and it is considered likely that the upper threshold will be met in due course, this performance fee is currently being accrued (i.e. has not yet been paid) for gains above the 147.2p threshold: as at 30 April 2016, the Company had accrued £528,000 in respect of this performance fee which is taken into account in the published NAV of the Company.

2. In respect of the remaining proportion of the Company's fund, a performance fee of 20% of all future gains above NAV plus cumulative dividends paid of 154.7p, subject to a high water mark (being the highest total return from a previous year end), will be payable to the Manager.
3. Once the performance fee hurdles in relation to the previous Titan 5 hurdles are met, the Company's whole fund will be subject to a 20% performance fee on any future gains above NAV plus cumulative dividends paid of 169.3p, subject to a high water mark (being the highest total return from a previous year end), will be payable to the Manager.

Pursuant to the Administration Agreement, Octopus provides administration services to the Company for a fee of 0.3% of the NAV of the Company on an annual basis and company secretarial services for a fee of £20,000 per annum.

The deed of variation dated 16 September 2014 extended the term of the Management Agreement and the Administration Agreement for a further 5 years from completion of the Merger, subject to earlier termination in the event of the underperformance of the Manager, the departure of certain members of the Manager or as agreed by the Shareholders and the Manager, and thereafter the Management Agreement and Administration Agreement will be terminable by the parties thereto on 12 months' written notice.

Octopus also retains the right pursuant to the Management Agreement 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 are typically borne by either the company seeking funding or by Octopus.

- 8.6 Transfer agreements dated 27 November 2014 between the Company and each of Titan 1, Titan 3, Titan 4 and Titan 5 (acting through the Liquidators) pursuant to which all of the assets and liabilities of Titan 1, Titan 3, Titan 4 and Titan 5 were transferred to the Company pursuant to the Merger in consideration for Scheme Shares. The Liquidators agreed under these agreements that all sale proceeds and/or dividends received in respect of the underlying assets of Titan 1, Titan 3, Titan 4 and Titan 5 will be transferred on receipt to the Company as part of the Merger.
- 8.7 An indemnity dated 27 November 2014 from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Merger.

Material contracts for Zenith Holding Company Limited

- 8.8 On 3 May 2013 Zenith Holding Company Limited entered into a partnership agreement ("Partnership Agreement") with Octopus GP Limited ("General Partner"), Octopus Zenith Founder Partner LP, the Manager and the limited partners referred to in the Partnership Agreement, relating to Octopus Zenith LP ("Zenith"), which had been formed to carry on the business of an investor and to which certain investments had been transferred by the Company, Titan 1 and Titan 3. Pursuant to the Partnership Agreement Zenith is managed by the General Partner, which will delegate its responsibilities to the Manager. The term of Zenith will be five years from the final closing date and the investment period will be two years (or such earlier date when all investments have been made), both of which may be extended by up to two additional one year periods. Zenith is also reliant on certain key individuals and the departure of such individuals may lead to a suspension of the operation of the investment period. The General Partner shall also appoint three representatives to act as members of an investor committee (which shall include a representative of the Company) that are to be consulted by the General Partner on general policies and guidelines, prospective investment sectors and conflicts of interest, but shall not make any decisions relating to the making or realisation of investments. The Company may also be presented with the option to co-invest in certain opportunities alongside Zenith.

9 RELATED PARTY TRANSACTIONS

Save for the fees paid to the Directors as detailed in paragraph 5 above, the fees paid under the management and administration agreements detailed in paragraph 8.5 above and the fees paid to Octopus of £4.52 million in respect of promotion fees pursuant to the agreements detailed at paragraphs 8.1 to 8.3 above and pursuant to offer agreements dated 7 February 2013 and 3 September 2013, there were no other related party transactions or fees paid by the Group during the years ended 31 October 2013, 31 October 2014 and 31 October 2015 or for the period from 31 October 2015 to the date of this document.

10 WORKING CAPITAL

The Company is of the opinion that the working capital of the Company and the Group is sufficient for the Company's and the Group'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 30 April 2016 was as follows:

<u>Capital and reserves</u>	
Called up Equity Share Capital	32,296
Share Premium	93,886
Special Distributable Reserve	158,703
Capital Redemption Reserve	523
Capital Reserve Realised	7,908
Capital Reserve Unrealised	21,034
Revenue Reserve	(5,290)
Total Equity Shareholders' Funds	<u>309,060</u>

There has been no material change to the capitalisation since 30 April 2016.

11.2 Since incorporation, the Company has incurred 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 14.1.13 below.

12. AUDIT, REMUNERATION AND NOMINATION COMMITTEES

Audit Committee

12.1 The audit committee of the Company comprises the Board (with the exception of Matt Cooper), is chaired by Mark Hawkesworth and meets twice a year. The committee has direct access to James Cowper LLP, 3 Wesley Gate, Queen's Road, Reading, Berkshire RG1 4AP, 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 the Board and chaired by John Hustler 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 Board and any Director is excluded from meetings the purpose of which is the setting of his own remuneration.

13. LITIGATION

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

14. ARTICLES OF ASSOCIATION

14.1 The articles of association of the Company contain, *inter alia*, the following provisions.

14.1.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 14.1.5 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 by proxy (or being a corporation, present by an 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:

14.1.3 (i) it is duly stamped (if so required), is lodged with the Company's registrar 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.

14.1.4 Dividends

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

14.1.5 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.

14.1.6 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.

14.1.7 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.

14.1.8 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 that class or with the sanction of a resolution passed at a separate meeting of such holders.

14.1.9 Directors

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

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

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

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

The Directors may from time to time appoint a 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.

14.1.10 Directors' Interests

14.1.10.1 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.

- 14.1.10.2. Provided that he has declared his interest in accordance with paragraph 14.1.10.1, 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.
- 14.1.10.3 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.
- 14.1.10.4 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.

14.1.11 Remuneration of Directors

- 14.1.11.1 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. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- 14.1.11.2 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.
- 14.1.11.3 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.

Subject to the passing of Resolution 4 at the General Meeting, the Articles shall be amended to provide that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees, shall not exceed £150,000 per year.

14.1.12 Retirement of Directors

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

14.1.13 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.

14.1.14 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.

14.1.15 Duration of Company

At the later of (i) the annual general meeting held in 2020 and (ii) the tenth annual general meeting held after the fifth anniversary of the last allotment of shares (from time to time) and, if the Company has not then been wound up, at each fifth annual general meeting thereafter, the Directors shall procure that an ordinary resolution will be proposed to the effect that the Company shall continue as a venture capital trust. If the resolution is not passed, the Board shall within 4 months of such meeting convene a general meeting of the Company at which a special resolution for the re-organisation or reconstruction of the Company and/or a special resolution requiring the Company to be wound up voluntarily shall be proposed. If neither of the resolutions is passed, the Company shall continue as a venture capital trust.

14.1.16 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 object 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. 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 UK Listing Authority.
- 15.3 The Company is regulated by the VCT Rules in respect of the investments it makes, as described in Part Two of this document. The Company has appointed PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH ("PwC") as its VCT status monitor. PwC will report to the Company as 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 via a Regulatory Information Service provider.
- 15.4 The Company will not invest more than 15% of its gross assets at the point of investment 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 they have 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 acts independently of the Manager. A majority of the Board (including the Chairman) must not be directors, employees, partners, officers, or professional advisers of or to, the Manager or any company in the Manager's group or any other investment entity which they manage.
- 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 a six monthly basis.
- 15.11 The NAV of the Company's investments will be determined by Octopus at least every six months and will be communicated to Shareholders through a Regulatory Information Service. 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.

- 15.12 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, without undue expenditure, be obtained. Details of any suspension in making such calculations will be communicated to Shareholders through a Regulatory Information Service.

16. CORPORATE GOVERNANCE

The UK Corporate Governance Code published by the Financial Reporting Council in September 2014 (the "Code") applies to the Company. The Directors acknowledge the section headed "Comply or Explain" in the preamble to the Code which acknowledges that some provisions may have less relevance for investment companies and, in particular, consider some areas inappropriate to the size and nature of the business of the Companies. 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 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 given the size of the Company 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 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 Directive applies to takeovers of companies registered in an EU member state and admitted to trading on a regulated market in the EU or EEA.

The 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 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 carry not less than 90% of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

18. NOTIFICATIONS OF SHAREHOLDINGS

The provisions of 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 that 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 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 are estimated to amount to approximately £6.6 million in aggregate (excluding VAT). On the above assumptions, the aggregate total net proceeds of the Offer, after all fees, is expected to be £113.4 million.
- 19.2 Grant Thornton UK LLP, chartered accountants of 3140 Rowan Place, John Smith Drive, Oxford Business Park South, Oxford OX4 2WB were the auditor of the Company since its incorporation until 11 November 2013. James Cowper LLP, 3 Wesley Gate, Queen's Road, Reading, Berkshire RG1 4AP have been the auditor since 14 November 2013. James Cowper LLP has given unqualified audit reports on the statutory accounts of the Company for all of the financial years set out 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 referred to in Part Three have been delivered to the Registrar of Companies in England and Wales pursuant to Section 242 of the CA 2006. The annual reports for the years ended 31 October 2013 and 31 October 2014 were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepting Accounting Practice), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' and the annual report for the year ended 31 October 2015 and the interim reports for the 6 month periods ended 30 April 2015 and 30 April 2016 were prepared in accordance with Financial Reporting Standard 102.

- 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 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.
- 19.5 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.
- 19.6 The Company does not assume responsibility for the withholding of tax at source.
- 19.7 There has been no significant change in the financial or trading position of the Company since 30 April 2016, the date to which the latest unaudited interim financial information has been published, to the date of this document.
- 19.8 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 Group's prospects or which have materially affected the Group's income from operations so far as the Company and the Directors are aware.
- 19.9 Shareholders will be informed, by means of the interim 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.
- 19.10 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 30 April 2016, the Company had £99.1 million of uninvested cash which has been retained for working capital and follow-on or new investments.
- 19.11 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.
- 19.12 The typical investor for whom investment in the Company is designed is a UK income taxpayer over 18 years of age with an investment range of between £3,000 and £200,000 who, having regard to the risk factors set out on pages 16 and 17, considers the investment policy of the Company to be attractive. This may include retail, institutional and sophisticated investors, as well as high net worth individuals who already have a portfolio of non-VCT investments.
- 19.13 The Company does not have any material shareholders with different voting rights.
- 19.14 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.

- 19.15 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.
- 19.16 Pursuant to the investment management agreement, details of which are set out in paragraph 8.5 above, Octopus will procure 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.
- 19.17 The existing issued Shares will represent 72.7% of the enlarged ordinary share capital of the Company immediately following completion of the Offer, assuming the Offer is fully subscribed, including the over allotment facility, with 120,967,741 New Shares being issued at an Offer Price of 99.2p, and on that basis Shareholders who do not subscribe under the Offer will, therefore, be diluted by 27.3%.
- 19.18 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 22 August 2017. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus only in the UK.
- 19.19 **Information on the terms and conditions of the Offer will be given to investors by financial intermediaries at the time that the Offer is introduced to investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph 19.18 above.**

20. DOCUMENTS AVAILABLE FOR INSPECTION

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

- 20.1 the Articles and the New Articles;
- 20.2 the material contracts referred to in paragraph 8 of Part Five above;
- 20.3 the half year reports of the Company for the 6 month periods ended 30 April 2015 and 30 April 2016 and its annual accounts for the periods ended 31 October 2013, 31 October 2014 and 31 October 2015;
- 20.4 the Circular; and
- 20.5 this document.

23 August 2016

DEFINITIONS

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

"2014 Offer"	the offer for subscription by the Company as set out in the prospectus dated 16 September 2014 issued by the Company
"2015 Offer"	the offer for subscription by the Company as set out in the prospectus dated 8 September 2015 issued by the Company
"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 using the Application Form
"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
"Capita Asset Services"	a trading division of Capita Registrars Limited
"Circular"	the circular to Shareholders dated 23 August 2016
"Company"	Octopus Titan VCT plc
"Dividend Reinvestment Scheme" or "DRIS"	the Company's dividend reinvestment scheme, details of which are set out in Part One of this document
"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 6 October 2016 (or any adjournment thereof)
"Group"	the Company and its wholly owned subsidiary, Zenith Holding Company Limited, a limited company incorporated in the Cayman Islands whose registered office is at c/o Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Cayman Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands
"HMRC"	HM Revenue and Customs

"Howard Kennedy"	Howard Kennedy Corporate Services LLP
"IA 1986"	The Insolvency Act 1986, as amended from time to time
"ITA 2007"	Income Tax Act 2007, as amended from time to time
"Knowledge Intensive Company"	a company satisfying the conditions in Section 331(A) of Part 6 ITA 2007.
"Liquidators"	William Duncan and Adrian Allen of Baker Tilly Restructuring and Recovery LLP, being the liquidators for Titan 1, Titan 3, Titan 4 and Titan 5
"London Stock Exchange"	London Stock Exchange plc
"Market Abuse Regulation"	Market Abuse Regulation (596/2014/EU)
"NAV"	net asset value
"New Articles"	the articles of association of the Company proposed to be adopted at the General Meeting
"New Shares"	the Shares being offered under the Offer (and each a "New Share")
"Octopus", the "Manager" or the "Receiving Agents"	Octopus Investments Limited
"Octopus VCT"	any venture capital trust (whether it still exists or not) which is, or was at any time, managed by Octopus
"Offer"	the offer for subscription for New Shares in respect of the tax years 2016/17 and 2017/18 contained in this document
"Offer Price"	the price per New Share, as set out in Part One of this document
"Official List"	the official list maintained by the UK Listing Authority
"Proposals"	the proposals to effect the Offer, and to approve the Resolutions
"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 2007
“Scheme” or “Merger”	the merger of the Company with Titan 1, Titan 3, Titan 4 and Titan 5, which completed on 27 November 2014, by means of placing Titan 1, Titan 3, Titan 4 and Titan 5 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of the assets and liabilities of Titan 1, Titan 3, Titan 4 and Titan 5 in consideration for Scheme Shares
“Scheme Shares”	the Shares issued subject to the Scheme (and each a “Scheme Share”)
“Shareholders”	holders of Shares, as the context permits (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 74 to 80
“Titan 1”	Octopus Titan VCT 1 plc (dissolved via members’ voluntary liquidation)
“Titan 3”	Octopus Titan VCT 3 plc (dissolved via members’ voluntary liquidation)
“Titan 4”	Octopus Titan VCT 4 plc (dissolved via members’ voluntary liquidation)
“Titan 5”	Octopus Titan VCT 5 plc (dissolved via members’ voluntary liquidation)
“Titan VCTs”	the Company, Titan 1, Titan 3, Titan 4 and Titan 5
“venture capital trust” or “VCTs”	a company which is, for the time being, approved as a venture capital trust as defined by Section 259 of 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 as amended from time to time

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 £70 million with an over allotment facility of a further £50 million. Participation by the Company in the Offer is conditional upon the passing by the Shareholders of Resolutions 1 and 5 at the General Meeting. In the event that Resolutions 1 and 5 are not passed at the General Meeting, the Offer will not proceed and Application monies already received by the Company will be returned to investors. The Offer will close once the Company has reached the aggregate maximum number of New Shares which may be issued.
2. The minimum investment is £3,000. There is no maximum investment.
3. 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).
4. 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 Share) will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, Application monies will be retained by the Receiving Agents in a separate account.
5. 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. Investors who are existing, or who were previously, shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1.0%, or by 2% if valid applications are received on or before 13 December 2016. Other Applicants whose valid applications are received on or before 13 December 2016 will benefit from costs of the Offer being reduced by 1.0%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus. 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 (fractions of 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 its other rights) rescind the agreement to subscribe for 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, 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;
- V. agree that any monies refundable to you by the Company may be retained by the Receiving Agents pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agents may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
- VI. 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;
- VII. 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;
- VIII. 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);
- IX. 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;
- X. 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;
- XI. 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;

- XII. declare that you are an individual aged 18 or over;
 - XIII. 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;
 - XIV. 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;
 - XV. 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;
 - XVI. 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;
 - XVII. declare that the Application Form has been completed to the best of your knowledge;
 - XVIII. 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;
 - XIX. 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
 - XX. 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.
- 6.** No person receiving a copy of this document, covering correspondence or an Application Form in any territory other than the UK, may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid by such territory.
- 7.** The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended. Octopus will not be registered under the United States Investment Advisers Act of 1940, as amended. No Application will be accepted if it bears an address in the USA.
- 8.** The basis of allocation will be determined by the Company (after consultation with Octopus) in its absolute discretion. The right is reserved by the Board to reject in whole or in part and scale down and/or ballot any Application or any part thereof including, without limitation, Applications in respect of which any verification of identity which the Company or Octopus

consider may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied, and to reduce the minimum investment of £3,000. Dealings prior to the issue of certificates for New Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all.

9. Money Laundering Regulations

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

Under the Money Laundering Regulations, Octopus is required to check the identity of clients who invest over £10,000 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 IFA.

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.

10. Costs of the Offer

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.

Investors who are existing, or who were previously, shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1.0%, or by 2% if valid applications are received on or before 13 December 2016. Other Applicants whose valid applications are received on or before 13 December 2016 will benefit from costs of the Offer being reduced by 1.0%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus.

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 described in Part Two.

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 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 up to 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.

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 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 30 April 2016* (p)	Offer Price (p)	Application (£)	Number of New Shares to be allotted
93.7	99.2	£10,000	10,080

*NAV ex-dividend where applicable

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 Scheme Administrator, Capita Asset Services ("DRIS Scheme Administrator") in accordance with condition 11 and will only be effective for dividends to be paid 15 days following receipt of the election by the DRIS Scheme Administrator.
2.
 - (a) The Company, acting through the DRIS Scheme 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 Scheme Administrator on the Company's behalf ("Participants"). The DRIS Scheme 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 Scheme Administrator shall not have the discretion, and Participants may not instruct the DRIS Scheme 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 Scheme 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 Scheme 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 Ordinary Share and (ii) the mid market price per Ordinary Share as quoted on the London Stock Exchange at the close of business on the 10th business day preceding the date of issue of such 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 Ordinary 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 Scheme 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 Ordinary 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 Scheme Administrator in administering the DRIS will be borne by the Company.
6. Each Participant warrants to the DRIS Scheme Administrator that all information set out in the application form (including any electronic election) 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 Scheme 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 Scheme Administrator is not providing a discretionary management service. Neither the DRIS Scheme 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 Scheme Administrator or the Company or their respective employees and agents.
9. Participants may:
- (a) at any time by notice to the DRIS Scheme 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 Scheme 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 Scheme Administrator at least 15 days prior to such Payment Date. In respect of notices under (a) above, such notice will be deemed to have been served where 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 the 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. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Participants who wish to participate in the DRIS and who already have Shares issued to them held in uncertificated form in CREST (and which 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 or submitting the election electronically, 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 a particular individual) for the tax year in which the Shares are allotted provided that the issue of Ordinary 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 Scheme 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 the 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 Scheme 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 Scheme Administrator.
20. The amount of any claim or claims a Participant has against the Company or the DRIS Scheme 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 Scheme Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the DRIS Scheme Administrator will be responsible for:
- (a) acting or failing to act in accordance with a court order of which the DRIS Scheme 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 a Shareholder (or, where relevant, a nominee) are genuine; or
 - (c) losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the DRIS Scheme 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 Scheme 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.

ANNEX II

OCTOPUS TITAN VCT PLC

DIVIDEND REINVESTMENT SCHEME MANDATE FORM

If you wish to participate in the dividend reinvestment scheme (the “DRIS”) in respect of your holding of Ordinary Shares in Octopus Titan VCT plc, please sign and return this form to Capita Asset Services (“Capita” or “the DRIS Scheme Administrator”), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 15 days before the payment of a dividend by the Company. All enquiries concerning this form should be made to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If your Ordinary Shares are held in more than one account you must complete a separate form for each account. You may obtain further copies of this form from the DRIS Scheme Administrator.

If you decide to participate in the DRIS you will be deemed to have agreed that any mandate which you have given for the payment of cash dividends directly to your Bank or Building Society account shall be suspended for so long as you remain a participant in the DRIS.

Shareholders in any doubt about the tax position should consult their independent professional adviser.

In the case of joint holders all holders must sign. In the case of a corporation/nominee company this form must be executed under its common seal or be signed by a duly authorised official, whose capacity should be stated in accordance with Section 44 of the Companies Act 2006.

If this form is not completed to the satisfaction of the DRIS Scheme Administrator it will not be processed and will be returned to you for completion.

You can call Octopus on 0800 316 2295 who will be happy to send you an Application Form, write to request a copy from Octopus Investments Limited, 33 Holborn, London EC1N 2HT or visit the Investor/Document Library section of the Octopus website at: www.octopusinvestments.com

You will need to send your dividend reinvestment instructions to Capita at least 15 days prior to the dividend payment date to be able to participate and reinvest your dividend on the dividend payment date.

You can revoke a dividend reinvestment election in Octopus Titan VCT plc by contacting the DRIS Scheme Administrator.

To: the DRIS Scheme Administrator and the Company

I/We, the undersigned, confirm that I/we have read and understood the terms and conditions of the DRIS and that I/we wish to participate in that DRIS for each future dividend paid on the Ordinary Shares of Octopus Titan VCT plc indicated below and to which the DRIS is applied. I/We agree that future dividends paid on Ordinary Shares will be reinvested in Ordinary Shares.

Tick Here to reinvest

Octopus Titan VCT plc	
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Shareholder Name (1)	Shareholder Name (2)	Shareholder Name (3)	Shareholder Name (4)
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Address:

All shareholders named above must sign here.

Signature (1)	Date
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Signature (2)	Date
---------------	------

Signature (3)	Date
---------------	------

Signature (4)	Date
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Daytime telephone number	
National Insurance number or Investor Code number (which can be found on your share certificate)	
Email address	

LIST OF ADVISERS TO THE COMPANY

Investment Manager, Administrator and Receiving Agents	Octopus Investments Limited 33 Holborn London EC1N 2HT
Company Secretary	Nicola Board ACIS
Auditor	James Cowper LLP 3 Wesley Gate Queen's Road Reading Berkshire RG1 4AP
Solicitor	Howard Kennedy LLP 1 London Bridge London SE1 9BG
Sponsor	Howard Kennedy Corporate Services LLP 1 London Bridge London SE1 9BG
Tax Adviser to the Offer	Philip Hare & Associates LLP Suite C First Floor 4-6 Staple Inn London WC1V 7QH
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
VCT Tax Adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH



0800 316 2295
clientrelations@octopusinvestments.com
octopusinvestments.com



Octopus Investments,
33 Holborn,
London EC1N 2HT

Octopus Titan VCT application form



How to complete this application form

- 1 Please make sure you answer all the questions marked with an '*'.
- 2 Leave boxes blank where they don't apply to you.
- 3 Please remember to send us your payment.
- 4 Once completed please send to:

Octopus Investments Limited
PO Box 10847
Chelmsford
CM99 2BU

Before completing this Offer Application Form, you should read the prospectus dated 23 August 2016, which includes the Terms and Conditions of the Offer. The Offer will close at 12 noon on 22 August 2017 unless closed earlier.

Please note that HM Revenue & Customs (HMRC) places restrictions on buying and selling VCT shares in the same VCT within a six-month period. This means that if you have sold, or will sell, existing shares in Octopus Titan VCT within the six months before or after this investment, you will not be able to claim any upfront tax relief.

Section 1 – About the investor

* Title	<input style="width: 100%;" type="text"/>		
(Mr/Mrs/Miss/Ms/Other)			
* First name(s)	<input style="width: 100%;" type="text"/>		
* Last name	<input style="width: 100%;" type="text"/>		
* Are you an existing Octopus client?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
* Country of birth	<input style="width: 100%;" type="text"/>		
* Country(ies) of citizenship	<input style="width: 100%;" type="text"/>		
* Date of birth	<input style="width: 100%;" type="text"/>		
DD MM YYYY			
* National Insurance number	<input style="width: 100%;" type="text"/>		
* Telephone numbers	Country code	Telephone number	
Primary:	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	
Secondary:	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	
* Email address	<input style="width: 100%;" type="text"/>		
* Address line 1	<input style="width: 100%;" type="text"/>		
Address line 2	<input style="width: 100%;" type="text"/>		
* Town/City	<input style="width: 100%;" type="text"/>		
County	<input style="width: 100%;" type="text"/>		
* Country	<input style="width: 100%;" type="text"/>		
* Postcode	<input style="width: 100%;" type="text"/>		
* Information from Octopus	<input type="checkbox"/> Octopus may occasionally send you information that we believe to be of interest to you, e.g. newsletters. If you would not like to receive such information, please tick the box.		
	<input type="checkbox"/> The printing and postage costs of sending out the Octopus Titan VCT annual and interim reports are paid for by the VCT itself. Therefore, to reduce waste and help to cut costs, we will default to sending these to you electronically via the email address provided above. Please tick the box if you would prefer to receive these by post. You can update your preference at any time by calling us on 0800 316 2295 .		

Section 2 – About the investment

*** How much are you investing?** You can choose to invest in the current tax year (2016/17), the next tax year (2017/18), or both. Please indicate the amount(s) in the relevant box(es). The minimum investment is £3,000 and the maximum investment still qualifying for tax relief is £200,000 in each of these tax years.
 (not relevant for Direct Debit investments)

2016/17 £ 2017/18 £

If your investment is for the following tax year, we will hold your investment in cash until that time.

*** Payment Options**

Cheque/banker's draft
 Please enclose a cheque from your personal account, made payable to 'Octopus Titan VCT – Applications'. We do not accept cheques from business accounts, third parties (including your spouse) or post-dated cheques. Banker's drafts and building society cheques must specifically mention the investor's name.

Bank transfer
 Please transfer your funds to the following account after first sending in your completed application form, making sure that you **reference the payment with your surname and initials:**

Account name:	Octopus Titan VCT – Applications		
Sort code:	40-03-28	Bank:	HSBC
Account number:	82603330	Branch:	Holborn

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

Direct Debit
 You can now choose to invest by monthly Direct Debit. To do so, please fill in the monthly Direct Debit amount below and complete the Direct Debit mandate at the back of the application form. Money will be collected on or around day 14 of the month. You can cancel your Direct Debit at any time by giving us a call on **0800 316 2295**. Just let us know before the first day of the month in order for us to cancel that month's collection. More details can be found in the brochure, and the full Direct Debit guarantee is available at the back of the application form.

Monthly Direct Debit amount £ (minimum £1,000)

Section 3 – Dividend reinvestment or payment

*** Dividend reinvestment or payment?** Any dividends paid by the VCT can be reinvested in additional VCT shares, or received as cash payments into your bank account. Please select your preferred option. If you select the dividend payment option, please complete the bank details section as well.

(You must select one of the two options)

Reinvest dividends

By completing this section, you confirm that you've read and understood the Terms and Conditions of the Dividend Reinvestment Scheme as set out in Annex 1 of the prospectus or in the circular.

Please note that reinvesting dividends counts towards your £200,000 annual VCT allowance – the amount on which you can claim tax relief.

Pay out dividends

Please provide details of the bank account you would like future dividends to be paid into (bank account must be in your name).

Sort code

Account number

Account holder name

If you are an existing Octopus Titan VCT shareholder, your instruction to reinvest or pay out dividends here overrides any previous dividend instructions you have given us on your existing Octopus Titan VCT investments.

If you are a direct investor, please go straight to Section 5.1.

Section 4 – Adviser/intermediary details (to be completed by your adviser/intermediary)

Company	<input style="width: 90%;" type="text"/>
Title <small>(Mr/Mrs/Miss/Ms/Other)</small>	<input style="width: 90%;" type="text"/>
First name(s)	<input style="width: 90%;" type="text"/>
Last name	<input style="width: 90%;" type="text"/>
Telephone	<input style="width: 90%;" type="text"/>
* Email address	<input style="width: 90%;" type="text"/>
* Address line 1	<input style="width: 90%;" type="text"/>
Address line 2	<input style="width: 90%;" type="text"/>
* Town/City	<input style="width: 90%;" type="text"/>
County	<input style="width: 90%;" type="text"/>
* Country	<input style="width: 90%;" type="text"/>
* Postcode	<input style="width: 90%;" type="text"/>
FCA number	<input style="width: 90%;" type="text"/>
Are you part of a network/service provider?	<input type="checkbox"/> No <input type="checkbox"/> Yes – please give us the network/service provider name <input style="width: 150px;" type="text"/>

Section 5 – Adviser/intermediary payment

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

All Octopus fees and charges are outlined in both the prospectus and the brochure. The VCT can also facilitate payments to your financial adviser/intermediary. Please complete either section 5.1, 5.2, 5.3 or 5.4. Failure to complete this section correctly could result in delays to your investment. If you have any questions please call us on 0800 316 2295.

5.1 **This is a direct investment with no adviser or intermediary involved**
Please go straight to **Section 6 – Tax Residency Status.**

5.2 **This is an advised investment with an initial adviser charge and/or an ongoing adviser charge**
Please indicate the level of initial charges and/or ongoing charges you have agreed with your adviser. If you have agreed with your adviser that you are not paying the maximum available adviser charge, the remaining amount will be rebated to you as additional shares as outlined in the prospectus.

To my adviser

Initial: % **(maximum available charge of 2.5%)**

Ongoing: % **(maximum available charge of 0.5%)**

5.3 **This is an advised investment with an initial adviser charge and no ongoing adviser charge**
Please indicate the level of initial adviser charge you have agreed with your adviser. If you have agreed with your adviser that you are not paying the maximum available adviser charge, the remaining amount will be rebated to you as additional shares as outlined in the prospectus.

To my adviser

Initial: % **(maximum available charge of 4.5%)**

5.4 **This is a non-advised investment through an intermediary and you have not received financial advice**

Initial Commission % Ongoing Commission %

Standard terms will apply if left blank. Commission should not exceed our standard terms (given in the Octopus Titan VCT prospectus and brochure), otherwise this form may be rejected. If your execution-only intermediary chooses not to take any upfront commission, this amount will instead be used to buy additional VCT shares for you.

Special instructions

Octopus-VCT-Titan-application-form-retail-CAN04136-1608

Section 6 – Tax residency status

- * **6.1** We are legally required to collect information about the tax residency and classifications of each investor which may be shared with HM Revenue & Customs. For further information, please visit [octopusinvestments.com/reportingforms](https://www.octopusinvestments.com/reportingforms).

Are you tax resident, or do you complete tax returns, in any country other than the UK?

- No – please go straight to **Section 7**.
 Yes – please complete the table below.

- 6.2** Please list the country(ies), other than the UK, in which you are resident for tax purposes. Please provide the Taxpayer Identification Number (TIN) or functional equivalent for each country(ies), or tick the relevant box if the country does not provide a TIN.

Country(ies)	Taxpayer Identification Number (TIN)	TIN not available
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

Section 7 – Investor declaration

By signing this form, I HEREBY DECLARE THAT:

1. My decision to invest has been made on the basis of the information contained in the Octopus Titan VCT prospectus and Key Information Document (KID).
2. I have provided accurate information, to the best of my knowledge.
3. I consent to Octopus facilitating my adviser's fees and charges as set out in **Section 5**.

* **Investor name**

* **Investor signature**

* **Date signed**
DD MM YYYY

Section 8 – Direct Debit mandate

Please only complete this section if you are setting up a Direct Debit.

Instruction to your bank or building society

Please pay Octopus Investments Direct Debits from the account detailed in this Instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand that this Instruction may remain with Octopus Investments, and if so, details will be passed electronically to my bank/building society.

To the manager:

Bank or building society name

Branch address

Postcode

Name(s) of account holder(s)

Account number

Branch sort code

Originator's Identification Number

2 5 6 9 4 6

Reference number (for Octopus Investments use only)

Signature

Date signed

 DD/MM/YY

Banks and building societies may not accept Direct Debit Instructions for some types of accounts.



This guarantee should be detached and retained by the Payer.

The Direct Debit Guarantee

- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit, Octopus Investments will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request Octopus Investments to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit, by Octopus Investments or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society – if you receive a refund you are not entitled to, you must pay it back when Octopus Investments asks you to.
- You can cancel a Direct Debit at any time by writing to your bank or building society. Written confirmation may be required. Please also notify us.





Before sending us your application, please review the quick checklist below to help us process your application as quickly as possible:

- You have arranged for a payment as per **Section 2**.
- You've signed and dated where indicated in **Section 7**.
- If you are paying via direct debit you have signed and completed the Direct Debit mandate form in **Section 8**.
- Once complete please send your completed application form to:

Octopus Investments Limited
PO Box 10847
Chelmsford
CM99 2BU



What happens next?

- 1** We'll let you know when we've received your funds and application form and if we need any further information from you.
- 2** After that, we will allot your VCT shares at the next available date. These dates are usually listed on our website. This process can take several months, but we always aim for shares to be allotted in the same tax year as the application was made.
- 3** We'll write to let you know when your shares have been allotted and enclose your share and income tax certificates.
- 4** After that, as a shareholder, you'll receive annual and half-yearly reports containing the full financial statements for your VCT: these include updates from the Chairman and Octopus, the fund manager.

Got a question?

We don't offer financial or tax advice, which is why we always recommend talking to a qualified financial adviser before making any investment decisions. However, if you have any other questions about Octopus Titan VCT, please call us on **0800 316 2295**. We're always happy to hear from you.



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33 Holborn,
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