

**TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME
(THE "DRIS") OF OCTOPUS AIM VCT 2 PLC**

1. Elections to participate in the DRIS should be addressed to the DRIS Scheme Administrator, Computershare Investor Services PLC ("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 uncertificated) and, where applicable, income tax certificates ("Tax Certificates") 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 Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Personalised Mandate Forms can be obtained from Computershare Investor Services PLC at the address above or by telephoning +44 (0) 370 703 6326. Calls to this number cost the same as a normal local or national landline call and may be included in your service providers tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services PLC are open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be monitored for security and training purposes. Participants who wish to participate in the 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 holding 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 Computershare Investor Services PLC 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 Relief Certificate 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 re-

ceived 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 an Shareholder (or, where relevant, a nominee) are genuine; or
(c) losses, costs, damages or expenses sustained or incurred by an Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the DRIS 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 the DRIS Scheme Administrator shall be in writing and delivered or posted to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

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.