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

If you have sold or otherwise transferred all of your shares in Octopus Apollo VCT plc (the "Company"), please send this document and accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Octopus Apollo VCT plc

(Registered in England and Wales with registered number 05840377)

Recommended proposals relating to:

- **the acquisition of the assets and liabilities of Octopus Eclipse VCT plc**
- **authorities to allot Shares**
- **an amendment to the Company's articles of association**
- **the authority to repurchase Shares**
- **the cancellation of the Company's share premium account**
- **the cancellation of the Company's capital redemption reserve**

Notice of the General Meeting of the Company, to be held at 2.30 pm on 12 December 2016, at 33 Holborn, London EC1N 2HT to approve the Resolutions to effect the Proposals, is set out at the end of this document.

To be valid, the form of proxy accompanying this document for the General Meeting (and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority) should be returned not less than 48 hours (excluding weekends and public holidays) before the meeting, either by post or by hand (during normal business hours only) to Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

For further information, the prospectus issued by the Company dated 4 November 2016 is available at www.octopusinvestments.com.

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EXPECTED TIMETABLE

Scheme

Latest time and date for receipt of forms of proxy for the Eclipse First General Meeting	2.30 pm on 5 December 2016
Eclipse First General Meeting	2.30 pm on 7 December 2016
Latest time and date for receipt of forms of proxy for General Meeting	2.30 pm on 8 December 2016
General Meeting	2.30 pm on 12 December 2016
Latest time for receipt of forms of proxy for the Eclipse Second General Meeting	10.30 am on 15 December 2016
Final expected date of trading of the Eclipse Shares	16 December 2016
Scheme Record Date for Eclipse Shareholders' entitlements under the Scheme	5.00 pm on 16 December 2016
Scheme Calculation Date	after 5.00 pm on 16 December 2016
Dealings in Eclipse Shares suspended	7.30 am on 19 December 2016
Eclipse Register of Members closed	9.30 am on 19 December 2016
Eclipse Second General Meeting	10.30 am on 19 December 2016
Scheme Effective Date for the transfer of the assets and liabilities of Eclipse to the Company and the issue of Scheme Shares	19 December 2016
Announcement of the results of the Scheme	19 December 2016
Cancellation of the Eclipse Shares' listing	8.00 am on 20 December 2016
Admission of, and dealings in, Scheme Shares issued to commence	20 December 2016
CREST accounts credited (if applicable)	20 December 2016
Certificates for Scheme Shares despatched to Eclipse Shareholders	Week commencing 9 January 2017

Offer

Launch date of the Offer	4 November 2016
First allotments under the Offer	6 January 2017
Deadline for receipt of applications for first allotment	9.00 am on 5 January 2017
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 3 November 2017
Closing date of the Offer	12 noon on 3 November 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 Offer Shares at any time following the receipt of valid applications.

- The results of the Offer will be announced to the London Stock Exchange through a Regulatory Information Service provider authorised by the Financial Conduct Authority.
- Dealing is expected to commence in the Offer Shares within ten business days of allotments and share and tax certificates are expected to be despatched within 14 business days of allotments.
- The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified through a Regulatory Information Service provider.

OFFER STATISTICS

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

- The 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.

Loyalty Discount

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%. This reduction will be met by Octopus through an equivalent reduction in the costs of Offer fee referred to above.

PART I - RISK FACTORS

The risk factors set out below are those which are considered by the Directors to be material to the Proposals and the Company as at the date of this document and which the Directors believe Shareholders should consider prior to deciding how to cast their votes at the General Meeting, but are not the only risks in relation to the Proposals and the Company. Additional risks and uncertainties relating to the Company and/or the Proposals that are not currently known to the Directors or that the Directors do not currently consider to be material may also have a material adverse effect on the Company and the market price of the New Shares. Shareholders who are in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser without delay. References to the Company should be construed as including the Enlarged Company.

Scheme related risk factors

Completion of the Scheme is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders. If the Scheme is not approved and/or completed, the expected benefits of the Scheme will not be realised and the Company will be responsible for the costs it has incurred relating to the Scheme. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company.

Shareholders' investment may be adversely affected by the performance of the investments, whether acquired from Eclipse or made by the Company. The performance of the investments to be acquired from Eclipse, as well as the investments of the Company, may restrict the ability of the Company, following the Merger, to distribute any capital gains and revenue received on the investments transferred from Eclipse to the Company (as well as the investments of the Company). Any gains (or losses) made on the investments of the Company will, following the Scheme, be shared pro rata amongst all Shareholders.

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from Eclipse, or the investments of the Company, are, or become, unable to meet VCT requirements.

Offer related risk factors

The Offer is conditional on the approval by Shareholders of Resolution 2 to be proposed at the General Meeting. If this Resolution is 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 it has incurred relating to the Offer.

The Finance Act 2014 restricts income tax relief on subscription to a VCT after 5 April 2014 where, within 6 months (before or after), the investor had disposed of shares in that VCT or a VCT which at any time merges with that VCT. A receipt of Scheme Shares pursuant to the Merger is not a subscription to the Company for these purposes but Shareholders who have subscribed for shares in the Company or Eclipse since 5 April 2014 should note this.

Enlarged Company risk factors

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

Whilst it is the intention of the Board that the Enlarged Company will continue to be managed so as to qualify as a venture capital trust, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders losing the tax reliefs available for venture capital trust 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 Enlarged Company lose its venture capital trust status, dividends and gains arising on the disposal of Shares would become subject to tax and the Enlarged Company would also lose its exemption from corporation tax on its capital gains.

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

affect an investment in the Company.

Dividends on the New Shares will depend on dividends or other income and capital returns from the Enlarged Company's investments and the working capital requirements of the Enlarged Company. The income derived from the New Shares (if any) can go down as well as up.

The Finance Act 2014 amends the VCT Rules in respect of VCT shares issued on or after 6 April 2014. 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 Enlarged Company to fund dividends and share buybacks.

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 in the Enlarged Company.

PART II — LETTER FROM THE CHAIRMAN OF THE COMPANY

Registered Office:

33 Holborn
London
EC1N 2HT

4 November 2016

Dear Shareholder,

Recommended Proposals relating to:

- **the acquisition of the assets and liabilities of Octopus Eclipse VCT plc**
- **authorities to allot Shares**
- **an amendment to the Company's articles of association**
- **the authority to repurchase Shares**
- **the cancellation of the Company's share premium account**
- **the cancellation of the Company's capital redemption reserve**

With net assets of £152.1 million at 31 July 2016, Octopus Apollo VCT plc is one of the largest VCTs in the UK, bringing numerous benefits to both our shareholders and the smaller companies we back. The Company aims to provide investors with regular tax-free dividends through its portfolio of established UK smaller companies and by making new investments in younger companies with a proven commercial track record.

Over the two decades since VCTs were introduced, successive governments have shown continued support for the scheme, but have adjusted the rules surrounding VCT investment to ensure that VCT money continues to be directed where it is needed the most. As investors will be aware, over the last 18 months, the Government has enacted significant changes to the rules surrounding VCT investments. For the Company the changes will have no impact on the existing portfolio, however new investments will have to be made into companies that are less than seven years old from their first commercial sale, which is typically younger than has been the case previously. The Company has also historically benefitted from the Manager's expertise in the energy sector, with current energy generating assets of approximately £23.7 million in the portfolio today. Since April 2016, no further investments in energy generation have been permitted.

Whilst these new rules create more complexity for the Manager to deal with, we remain confident in the investment team's ability to find suitable companies for the Company's mandate, with attractive positions in their markets and a good commercial track record. It is against this backdrop that the Board has announced that it intends to raise a further £20 million under a new share offer. The Manager intends to continue investing via a combination of both debt and equity to ensure that the Company receives a regular income from loan interest and repayments that enable the Company to pay investors regular tax-free dividends. By investing in a company's debt, as well as its shares, there is a greater chance that the Company will get some or all of its money back if a business doesn't succeed. The equity holding also allows the Company to benefit from capital growth if the underlying companies perform well.

An investment under the Offer will provide individuals with exposure to a diversified portfolio of unquoted smaller companies with the aim of generating a regular stream of tax free dividends. New investors will benefit from immediate exposure to a large, established VCT with an existing portfolio of around 33 mature investments across a range of sectors.

All VCTs invest in smaller, unquoted companies that carry a greater risk of losing money than their larger blue chip counterparts. Within the bounds of VCT legislation, the Company aims to invest in more established, profitable VCT qualifying companies with the aim of providing a regular stream of tax free dividends to investors.

The Manager typically looks for the following attributes when making a new investment:

- An established and successful management team with a strong track record at the company

- A proven commercial track record
- A broad customer base and high levels of repeat business
- A competitive advantage over competitors that reduces the risk of losing customers

At the point of investment most of the companies the Company supports are already generating profits but require funding to unlock further growth. So whilst the Company is providing much needed development finance to these companies, there is less potential for volatility than there might be in earlier stage companies which are yet to develop a diverse customer base or predictable revenue streams.

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

As well as producing investment returns, the Company's portfolio is also actively aiding the growth of UK smaller companies, a key factor in the Government's continued support of the venture capital trust industry. The Board believes that the portfolio is well positioned to continue delivering a regular stream of tax free dividends to those investors able to take a long-term view on investing in well-run UK smaller companies.

The Merger

Octopus Eclipse VCT plc was launched in March 2004 and over time has evolved to a similar investment mandate to that of the Company. When launched, it made sense to have several separate VCTs investing alongside one another due to the VCT rules in force at the time. Today, the rationale for having multiple small VCTs has disappeared and changes to Merger Regulations in September 2004 subsequently allowed VCTs to merge without affecting their VCT status. Since then, a number of VCTs have taken advantage of the new regulations to create larger, more efficient VCTs, as when Octopus Apollo 1, 2, 3 & 4 merged into the current Octopus Apollo VCT plc.

In common with most companies, VCTs have a number of fixed costs that they have to incur as part of their day to day activities. As public companies, VCTs are subject to listing costs, registrar costs, audit costs as well as the costs of their non-executive directors, all of which would be more efficient being split across a larger asset base. In addition to the cost savings, having a larger VCT with a more diverse set of holdings gives the Manager more flexibility on how it manages the portfolio within the VCT Rules as well being able to maximize investment opportunities and facilitate better liquidity management for Shareholders.

With the above in mind, on 27 September 2016, the Board and the Eclipse Board announced that they had entered into discussions to consider a merger of the Companies to create a single, larger VCT with the intention of improving Shareholder value.

The Merger is expected to deliver a number of benefits to Shareholders including:

- participation in a larger VCT with a more diversified portfolio, thereby spreading the portfolio risk across a broader range of investments;
- efficiencies in annual running costs and administration for the Enlarged Company compared to the separate companies;
- enhancing the ability of the Enlarged Company to find high quality new investments, raise funds as well as pay dividends and support buybacks in the future.

The proposal is to merge the Companies using a scheme of reconstruction (the "Scheme") by which the assets and liabilities of Eclipse will be transferred to the Company.

The Scheme will, if effected and assuming the Offer is fully subscribed, result in an Enlarged Company that will be one of the biggest VCTs in the UK. Post Merger, the Enlarged Company is targeting regular tax-free dividends annually of 5% of NAV. Tax free special dividends may also be payable if investments are sold for a significant profit from the portfolio.

The mechanism by which the Merger will be completed is as follows:

- Eclipse will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 IA 1986; and
- all of the assets and liabilities of Eclipse will be transferred to the Company in consideration for the issue of Scheme Shares to Eclipse Shareholders.

The Scheme will be completed on a relative unaudited NAV basis, adjusted for the anticipated costs of the Scheme. The Merger Value and the Roll-Over Value will be based on the latest unaudited valuations of the Companies' investments. An accounting firm will review the latest unaudited NAVs of the Companies and valuations of the Companies' investments prior to the Scheme Effective Date and will confirm that they have been prepared in accordance with similar principles as would have been used in producing year end accounts. The effect of the Scheme will be that the Eclipse Shareholders will receive Shares with the same total net asset value as at the Scheme Calculation Date as their Eclipse Shares.

The Scheme is conditional upon its approval by Shareholders and by the Eclipse Shareholders, as well as the other conditions set out in Part III of this document.

As the Companies have a similar investment objective and policy, the same investment manager and other common advisers, the proposed Merger should be achievable without major additional cost or disruption to the Companies and their combined portfolio of investments.

The aggregate anticipated cost of undertaking the Merger is approximately £331,000, including VAT, legal and professional fees, stamp duty and the costs of winding up Eclipse. The costs of the Merger will be split proportionately between the Companies by reference to the relative NAVs of the Companies as at the Scheme Calculation Date.

Shareholders and investors should note that the merger by way of the Scheme will be outside the provisions of the City Code on Takeovers and Mergers.

The portfolio of assets which will be transferred from Eclipse to the Company as part of the Scheme is considered to be in keeping with the Company's investment policy. The extent of the liabilities (if any) which will be transferred from Eclipse to the Company as part of the Scheme will be those which are incurred in the ordinary course of business, and merger costs which remain unpaid at the time of transfer. Any such liabilities are expected to be nominal in comparison to the value of the assets.

Eclipse Shareholders who do not vote in favour of the resolution to be proposed at the Eclipse First General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators at a price agreed between the dissenting Eclipse Shareholders and the Liquidators (or by arbitration), which would be expected to be at a significant discount to the net asset value of an Eclipse Share. If the conditions of the Scheme are not satisfied, the Companies will continue in their current form and the Boards will continue to review all options available to them regarding the future of the Companies.

Clearance has been requested from HMRC that the Scheme meets the requirements of the Merger Regulations and, therefore, that the implementation of the Scheme should not affect the status of the Company as a VCT. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following the Merger so that the Company continues to qualify as a VCT.

Further information regarding the terms of the Scheme is set out in Part III of this document. Details of the risks relating to the Scheme and those generally associated with investing in a VCT are set out in Part I.

Performance

The diverse portfolio of investee companies continues to perform well and the Company has a strong track record of converting investment performance into tax-free dividends for investors. Since 31 January 2016, the Manager has delivered on a number of strong exits, returning around £26.8 million back to the Company. These include Callstream, Project Tristar, SCM World, CSL Dualcom and Atlantic Screen International and have enabled the Company to announce a special dividend of 16.5p per Share, in addition to the regular dividend of 2.5p per Share, to be paid on 2 December 2016. The full five year performance history is shown below:

		Year to 31 July 2016	Year to 31 July 2015	Year to 31 July 2014	Year to 31 July 2013	Year to 31 July 2012
Performance (Total return including dividends)	Company	2.3%	2.0%	5.3%	0.9%	6.7%
	Eclipse	0.9%	-4.1%	24.3%	1.6%	-8.2%

The performance information above shows the total return of the Company and Eclipse for the last five years to 31 July. The annual total return is calculated from the movement in NAV over the year to 31 July, 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. Performance shown is net of all fees and costs.

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

The Offer

The Offer is intended for investors looking for a VCT that aims to provide a regular stream of tax free dividends by investing in profitable VCT qualifying smaller companies through a combination of debt and equity. Investors will benefit from immediate exposure to an established VCT with a portfolio of around 33 investments.

Apollo is seeking to raise up to £20 million under the Offer which is conditional upon the passing by Shareholders of Resolution 2 at the General Meeting to be held at 2.30 pm on 12 December 2016 at 33 Holborn, London EC1N 2HT.

Amendment to the Articles

It is proposed to adopt new Articles at the General Meeting to increase the maximum aggregate remuneration that is permitted to be paid to the Directors under article 102.1 of the Articles from £100,000 to £150,000. The amendment is being proposed in the event that the Company proposes to increase the remuneration of the Directors in the future. The Company does not propose to increase the present remuneration for a period of at least two years from the date of this document.

The new Articles will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the General Meeting at the registered office of the Company and at the registered office of Howard Kennedy. They will also be available at the General Meeting for at least 15 minutes before and during the meeting.

Cancellation of the Company's Share Premium Account and Capital Redemption Reserve

It is proposed that the Company has the ability to cancel its share premium account and capital redemption reserve, in order to create a pool of distributable reserves.

Irrevocable Undertakings to vote in favour of the Resolutions

The Directors have irrevocably undertaken to vote in favour of each of the Resolutions in respect of their holdings of Shares representing less than 0.1% of the entire issued share capital of the Company.

General Meeting

At the General Meeting, Resolutions will be proposed to give the Directors the authority to proceed with the Merger and to allot Offer Shares under the Offer and in connection with the DRIS, whilst disapplying pre-emption rights. A Resolution will also be proposed to amend the Company's articles of association, to give authority to the Company to make market purchases of its shares and to cancel its share premium account and capital redemption reserve. These Resolutions are detailed below. Shareholder approval is required for these proposals under CA 2006 and the Articles.

Notice of the General Meeting, to be held at 2.30 pm on 12 December 2016 at 33 Holborn, London, EC1N 2HT, is set out at the end of this document. An explanation of the Resolutions to be proposed at the General

Meeting is set out below:

The Resolutions will be proposed as special resolutions requiring the approval of 75% of the votes cast on the Resolutions.

Resolution 1 is a composite resolution to approve the acquisition of all of the assets and liabilities of Eclipse and issue Scheme Shares. This Resolution is conditional upon the Scheme becoming unconditional.

Paragraph 1.1 of Resolution 1 will approve the acquisition of all of the assets and liabilities of Eclipse pursuant to the Scheme.

Paragraph 1.2 of Resolution 1 will authorise the Directors pursuant to Section 551 CA 2006 to allot Shares up to an aggregate nominal value of £5 million in connection with the Scheme. The authority conferred by paragraph 1.2 of Resolution 1 will expire 18 months from the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities.

Resolution 2 is a composite resolution to renew and increase allotment authorities.

Paragraph 2.1 of Resolution 2 will authorise the Directors pursuant to Section 551 CA 2006 to allot Shares up to an aggregate nominal value of £4 million (representing 22.8% of the issued share capital of the Company as at 3 November 2016, this being the latest practicable date prior to the publication of this document). The authority conferred by paragraph 2.1 of Resolution 2 will be in addition to the authority conferred under Resolution 1.2 and will expire 18 months from the date of the passing of this Resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities. The Board intends to utilise this authority in respect of the Offer and other small top up offers from time to time which do not require a prospectus to be issued by the Company.

Paragraph 2.2 of Resolution 2 will disapply pre-emption rights in respect of the allotment of Shares (i) with a nominal value of up to £4 million in aggregate pursuant to offer(s) for subscription and (ii) with a nominal value representing up to, in aggregate, 10% of the maximum expected enlarged issued share capital, from time to time, where the proceeds may in whole or part be used to purchase Shares. The authority conferred by paragraph 2.2 of Resolution 2 will expire 18 months from the date of the passing of this Resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities.

Resolution 3 is a composite resolution relating to the allotment authorities in connection with the DRIS.

Paragraph 3.1 of Resolution 3 will authorise the Directors pursuant to Section 551 CA 2006 to allot Shares up to an aggregate nominal value of £1 million (representing 5.7% of the issued share capital of the Company as at 3 November 2016, this being the latest practicable date prior to the publication of this document) in connection with the DRIS. The authority conferred by paragraph 3.1 of Resolution 3 will be in addition to the authority conferred under Resolution 1.2 and 2.1 and will expire 18 months from the date of the passing of this Resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities. The Board intends to utilise this authority in connection with the DRIS.

Paragraph 3.2 of Resolution 3 will disapply pre-emption rights in respect of the allotment of Shares made in accordance with Resolution 3.1. The authority conferred by paragraph 3.2 of Resolution 3 will expire 18 months from the date of the passing of this Resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities.

Resolution 4 seeks the approval of Shareholders to amend the Articles, for the reasons set out under the heading "Amendment to the Articles" on page 10.

Resolution 5 will authorise the Company to make market purchases of up to 26,259,520 Shares (representing approximately 14.99% of the share capital as at 3 November 2016, this being the latest practicable date prior to the publication of this document, and 12.27% of the maximum expected enlarged share capital following the Merger). Any Shares bought back under this authority will be at a price determined by the Board, (subject to a minimum price of their nominal value) and a maximum price of 5% above the average mid-market quotation for such Shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in treasury as may be determined by the Board. The authority conferred by this Resolution 5 will expire 18 months from the date of the passing of this Resolution unless renewed, varied or revoked by the

Company in general meeting and will be in addition to existing authorities. The Board intends to utilise this authority to buy back Shares from time to time.

Resolution 6 is a resolution to cancel, subject to Court approval, the Company's share premium account to create a pool of distributable reserves.

Resolution 7 is a resolution to cancel, subject to Court approval, the Company's capital redemption reserve, to create a pool of distributable reserves.

Action to be taken

Before taking any action, you are recommended to read the information set out in Parts III to V of this document.

Enclosed with this Circular, Shareholders will find a form of proxy for use at the General Meeting, which you are asked to complete and return.

Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy so that it is received not less than 48 hours (excluding weekends and public holidays) before the General Meeting. Completion and return of the form of proxy will not prevent you from attending the meeting and voting in person should you wish to do so.

Recommendation

The Board believes that the Proposals are in the best interests of the Shareholders as a whole and recommends that Shareholders vote in favour of the Resolutions. As detailed above, all of the Directors have committed to vote in favour of all of the Resolutions in respect of their own beneficial holdings (representing less than 0.1% of the issued share capital of the Company as at 3 November 2016).

Yours faithfully

Murray Steele
Chairman

PART III – FURTHER DETAILS RELATING TO THE SCHEME

The mechanism by which the Merger will be completed is as follows:

- Eclipse will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 IA 1986; and
- all of the assets and liabilities of Eclipse will be transferred to the Company in consideration for the issue of Scheme Shares to Eclipse Shareholders.

The Scheme will be completed on a relative unaudited NAV basis, adjusted for the anticipated costs of the Scheme. The Merger Value and the Roll-Over Value will be based on the latest unaudited valuations of the Companies' investments. An accounting firm will review the latest unaudited NAVs of the Companies and valuations of the Companies' investments prior to the Scheme Effective Date and will confirm that they have been prepared in accordance with similar principles as would have been used in producing year end accounts. The effect of the Scheme will be that the Eclipse Shareholders will receive Shares with the same total market value as at the Scheme Calculation Date as their Eclipse Shares.

The Scheme is conditional upon the approval by the Shareholders of Resolution 1 to be proposed at the General Meeting and by the Eclipse Shareholders of the resolutions to be proposed at the Eclipse General Meetings, as well as the other conditions set out below.

As the Company and Eclipse have the same investment manager and other common advisers, the Merger should be achievable without major additional cost or disruption to the Company and Eclipse and their combined portfolio of investments.

The aggregate anticipated cost of undertaking the Merger is approximately £331,000, including VAT, legal and professional fees, stamp duty and the costs of winding up Eclipse. The Liquidators fees are expected to be up to £15,000. The costs of the Merger will be split proportionately between the Company and Eclipse by reference to the relative NAVs of the Companies as at the Scheme Calculation Date.

Shareholders should note that the Merger will be outside the provisions of the City Code on Takeovers and Mergers.

As is required by CA 2006, prior to the allotment of the Scheme Shares the Company will be sending to Shareholders and Eclipse Shareholders at their registered addresses and uploading on to Octopus' website a report on the Merger which will be prepared by Scott-Moncrieff.

The portfolio of assets which will be transferred from Eclipse to the Company as part of the Scheme are all considered to be in keeping with the Company's investment policy, particularly as a number of these are common across the respective portfolios of the Company and Eclipse. The extent of the liabilities (if any) which will be transferred from Eclipse to the Company as part of the Scheme will be those which are incurred in the ordinary course of business, and merger costs which remain unpaid at the time of transfer. Any such liabilities are expected to be nominal in comparison to the value of the assets.

Following the transfer of the assets and liabilities by Eclipse to the Company, the listing of the Eclipse Shares will be cancelled and Eclipse will be wound up.

Conditions of the Scheme

The Scheme is conditional upon:

- the passing of Resolution 1 to be proposed at the General Meeting;
- notice of dissent not having been received from Eclipse Shareholders holding more than 10% in nominal value of the entire issued share capital of Eclipse under Section 111 of IA 1986;
- the passing of the resolutions to be proposed at the Eclipse General Meetings; and
- HMRC approval of the Merger on terms satisfactory to the Company.

Subject to the above, the Scheme will become effective immediately after the passing of the special resolution for the winding up of Eclipse to be proposed at the Eclipse Second General Meeting. If it becomes effective, the Scheme will be binding on the Shareholders and Eclipse Shareholders (including dissenting Eclipse Shareholders) and all persons claiming through or under them.

Terms of the Scheme

On the Scheme Effective Date, the Liquidators will receive all the cash, undertakings and other assets and liabilities of Eclipse and will deliver to the Company:

- particulars of all of the assets and liabilities of Eclipse;
- a list certified by the registrars of the names and addresses of, and the number of Eclipse Shares held by each of the Eclipse Shareholders on the register at 5.00 pm on the Scheme Record Date;
- an estimate of the winding-up costs of Eclipse; and
- the amount estimated to be required to purchase the holdings of any dissenting Eclipse Shareholders.

On the Scheme Effective Date, the Company and the Liquidators (on behalf of Eclipse) will enter into the Transfer Agreement pursuant to which the Liquidators will procure the transfer of all the assets and liabilities of Eclipse to the Company in exchange for the issue of Scheme Shares (credited as fully paid) to the Eclipse Shareholders on the basis set out below.

In further consideration of such transfer of assets and liabilities of Eclipse to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of Eclipse and the purchase for cash of any holdings of dissenting Eclipse Shareholders.

Except as otherwise provided for in the Scheme terms, for the purposes of calculating the Merger Value, the Roll-Over Value and the number of Scheme Shares to be issued, in order that the Eclipse Shareholders will receive Scheme Shares with the same total net asset value as the Scheme Calculation Date as their Eclipse Shares, the following provisions will apply:

Merger Calculations

Roll-Over Value

The Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

A = the unaudited net assets of Eclipse as at the Scheme Calculation Date (taken from the Eclipse unaudited management accounts to that date), plus or minus any adjustment that both the Board and the Eclipse Board consider appropriate to reflect any other actual or contingent benefit or liability of Eclipse;

B = the costs of the Scheme to be apportioned to Eclipse (by reference to the Roll-Over Value and the Merger Value, but ignoring merger costs), plus £1,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to Eclipse incurred by the Company, which will indemnify the Liquidators in respect of all costs of Eclipse following the transfer on the Scheme Effective Date);

C = the amount estimated to be required to purchase the holdings of Eclipse Shares from dissenting Eclipse Shareholders; and

D = the number of Eclipse Shares in issue as at close of business on the Scheme Record Date (save for any Eclipse Shares held by dissenting Eclipse Shareholders).

Merger Value

The Merger Value will be calculated as:

$$\frac{E - F}{G}$$

where:

E = the unaudited net assets of the Company as at the Scheme Calculation Date (taken from the Company's unaudited management accounts to that date), plus or minus any adjustment that the Board and the Eclipse Board consider appropriate to reflect any other actual or contingent benefit or liability of the Company;

F = the costs of the Scheme to be apportioned to the Company (by reference to the Roll-Over Value and the Merger Value, but ignoring merger costs); and

G = the number of Shares in issue as at close of business on the Scheme Record Date.

Scheme Shares to be issued to Eclipse Shareholders

The number of Scheme Shares to be issued to Eclipse Shareholders (save for any dissenting Eclipse Shareholders) will be calculated as follows:

$$\frac{H}{I} \times J$$

where:

H = the Roll-Over Value;

I = the Merger Value; and

J = the number of Eclipse Shares in issue as at close of business on the Scheme Record Date (save for any Eclipse Shares held by dissenting Eclipse Shareholders).

The Scheme Shares will be issued directly to Eclipse Shareholders (disregarding Eclipse Shares held by dissenting Eclipse Shareholders), in each case pro rata to their existing holdings of Eclipse Shares on the instruction of the Liquidators.

The merger ratios used to allocate the Scheme Shares to each Eclipse Shareholder will be rounded down to six decimal places and entitlements will be rounded down to the nearest whole number and any fractional entitlements per Eclipse Shareholder (which will not exceed £2) will be aggregated and sold, with the proceeds retained for the benefit of the Enlarged Company.

The Company will not issue the Scheme Shares until the report prepared by Scott-Moncrieff under CA 2006 in respect of the Scheme has been provided to the Company and sent to Shareholders and Eclipse Shareholders.

Based on the formulae above but using NAVs of 80.5p and 31.5p for the Company and Eclipse respectively, being the latest published unaudited NAVs of the Companies as at the date of this document and after subsequent dividend payments, 0.391304 Scheme Shares would have been issued to Eclipse Shareholders for every Eclipse Share held (assuming no dissenting Eclipse Shareholders) had the Merger been completed on 3 November 2016.

Share Certificates, Mandates and Listing

Where Eclipse Shareholders hold their Eclipse Shares in certificated form, they will receive a new certificate for the Scheme Shares issued. Where Eclipse Shareholders hold their Eclipse Shares in uncertificated form, their CREST accounts will be credited with the holding in Scheme Shares.

The Company operates a dividend reinvestment scheme (the "DRIS") under which Shareholders are given the opportunity to reinvest future dividend payments by way of subscription for new Shares. If you wish to participate in the DRIS in respect of your holding of Shares, please sign and return the mandate form at the end of this document to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 15 Business Days before the payment of a dividend by the Company. The terms and conditions of the DRIS are also set out at the end of this document.

An application has been made to the UKLA for the Scheme Shares to be issued pursuant to the Scheme to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such Scheme Shares to be admitted to trading on its market for listed securities. From the date of issue, the Scheme Shares will rank pari passu with each other.

Taxation

The following paragraphs apply to the Company and to persons holding Shares as an investment in the Company who are the absolute beneficial owners of such Shares and are resident in the UK. They may not

apply to certain classes of persons, 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 independent financial adviser.

The Company and Shareholders

The implementation of the Scheme should not affect the VCT reliefs obtained by Shareholders on subscription for existing Shares. The implementation of the Scheme should not affect the status of the Company as a VCT. It is the intention of the Board to continue to comply with the requirements of ITA 2007 so as to continue to qualify as a VCT.

Eclipse Shareholders

The receipt by Eclipse Shareholders of Scheme Shares should not constitute a disposal of their Eclipse Shares for UK tax purposes. Eclipse Shareholders should, for UK tax purposes, effectively be able to treat the Scheme Shares received as if they had been acquired at the same cost and on the same date as the original Eclipse Shares from which they derive (but allocated proportionately between such resulting Scheme Shares). Any initial income tax relief obtained and attaching to the original Eclipse Shares will not, therefore, be subject to clawback, but instead will then attach to the Scheme Shares. As the Company is also a VCT, the usual VCT tax reliefs should continue to apply. As a result, qualifying Shareholders should continue to receive tax-free dividends and should not be subject to UK taxation on any capital gains on the disposal of Scheme Shares.

For Eclipse Shareholders holding (together with their associates) more than 5% of the Eclipse Shares in issue, clearance has been obtained from HMRC in terms of Section 138 of TCGA 1992 that the tax treatment described above for persons who (together with their associates) own less than 5% of the Eclipse Shares should also apply to them.

Eclipse Shareholders who do not vote in favour of the resolution to be proposed at the Eclipse First General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators at a price agreed between the dissenting Eclipse Shareholders and the Liquidators (or by arbitration), which is expected to be at a significant reduction to the net asset value of an Eclipse Share. In addition, Eclipse Shareholders should note that a purchase of Eclipse Shares by the Liquidators from a dissenting Eclipse Shareholder will be regarded as a disposal of such Eclipse Shares for tax purposes, thereby triggering the repayment of any income tax relief on Eclipse Shares subscribed for in the five years prior to purchase. The sale price received may not be sufficient to cover the amount of payment due.

Although the Company will be required to pay UK stamp duty or stamp duty reserve tax on the transfer to it of certain of the assets of Eclipse (which form part of the merger costs), no UK stamp duty will be payable directly by Shareholders as a result of the implementation of the Scheme.

Clearance has been obtained from HMRC in respect of the Scheme under Section 701 ITA 2007 confirming that the receipt of Scheme Shares should, except in the case of dealers, be regarded as an income receipt for the purposes of UK taxation.

Clearance has also been requested from HMRC to confirm that the Scheme meets the requirements of the Merger Regulations and that, as such, the receipt by Eclipse Shareholders of Scheme Shares should not prejudice tax reliefs obtained by those Eclipse Shareholders on existing Eclipse Shares and should not be regarded as a disposal.

The Finance Act 2014 restricts income tax relief on subscription to a VCT after 5 April 2014 where, within 6 months (before or after), the investor had disposed of shares in that VCT or a VCT which at any time merges with that VCT. A receipt of Scheme Shares pursuant to the Merger is not a subscription to the Company for these purposes but Shareholders who have subscribed for shares in the Company or Eclipse since 5 April 2014 should note this.

PART IV – FURTHER DETAILS RELATING TO THE OFFER

The Company is seeking to raise £20 million under the Offer. Participation by the Company in the Offer is conditional upon the passing by the Shareholders of Resolution 2 at the General Meeting.

Terms of the Offer

The Offer Price will be determined by the following formula:

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

The application of the above formula will be adjusted for investors who are existing, or who were previously, shareholders of any Octopus VCT, who will benefit from the costs of the Offer being reduced by 1.0%.

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

The Offer will remain open until 3 November 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 Offer Shares at any time following the receipt of valid applications. Offer Shares issued will rank pari passu with the existing Shares from the date of issue.

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 investment of £10,000 under the Offer (using the most recently published NAV of the Company as at the date of this document) is set out below:

Unaudited NAV as at 31 July 2016* (p)	Offer Price (p)	Application (£)	Number of Offer Shares to be allotted
80.5	85.2	10,000	11,737

* After the subsequent payment of a dividend of 2.5p per Share on 26 August 2016

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.

The full terms and conditions applicable to the Offer are set out in the Prospectus.

Use of funds

The success to date has highlighted that the model used by Octopus is one that can lead to steady returns. The Board believes that the Company's portfolio is well positioned to continue this trend, delivering growth to those investors able to take a long term view on investing in well-run UK companies. The Board also believes that the funding gap created by the banks' reluctance to invest into smaller companies means that there are plenty of strong investment opportunities that can be accessed.

The funds raised under the Offer will be invested in accordance with the Company's investment policy. The aggregate net proceeds of the Offer, assuming a £20 million subscription and the maximum initial charge, will be £18.5 million.

There is no minimum that must be raised in order for the Offer to proceed. Applications have been made to the UKLA for the Offer Shares to be admitted to a premium listing on the Official List and the London Stock Exchange for the Offer Shares to be traded on the London Stock Exchange's main market for listed securities. The Offer Shares will be issued in registered form, will be freely transferable in both certificated and uncertificated form and will rank pari passu in all respects with each other, the existing Shares and the Scheme Shares.

Dividend Reinvestment Scheme

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.

New investors under the Offer may elect to participate in the Dividend Reinvestment Scheme by completing the dividend reinvestment section of the Application Form which can be found on the Company's website, and should be aware that it will apply to their entire holding of Offer Shares. Participation in the Dividend Reinvestment Scheme by a Shareholder can be cancelled at any time with written authority from the Shareholder.

PART V - ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of 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.

2. Share Capital

2.1 As at 3 November 2016 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was 175,180,266 Shares.

2.2 As at 3 November 2016 (being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

3. Directors and their Interests

3.1 As at 3 November 2016 (being the latest practicable date prior to publication of this document), the interests of the Directors (and their respective immediate families), in the issued share capital of the Company was as follows:

Director	Number of Shares	% of Issued Share Capital
Murray Steele	30,102	less than 0.1%
James Otter	17,630	less than 0.1%
Christopher Powles	5,868	less than 0.1%
Ian Pearson	12,046	less than 0.1%

Assuming that (i) the Offer is fully subscribed at an Offer Price of 85.2p and (ii) 38,899,060 Scheme Shares are issued pursuant to the Merger, the interests of the Directors and their immediate families in the issued share capital of the Company immediately following the Offer and the Merger will be:

Director	Number of Shares	% of Issued Share Class
Murray Steele	35,970	less than 0.1%
James Otter	17,630	less than 0.1%
Christopher Powles	11,736	less than 0.1%
Ian Pearson	12,046	less than 0.1%
Alex Hambro	12,048	less than 0.1%

3.2 Each of the Directors has entered into a letter of appointment with the Company, a copy of which is available for inspection at the address set out in paragraph 9 below of this Part V, for the provision of their services as directors for the fees disclosed in paragraph 3.3 below. The agreements are terminable by either party giving at least three months' notice to the other, subject to retirement by rotation and earlier cessation for any reason under the Articles. There are no commission or profit sharing arrangements and no compensation is payable on termination of the agreements. No amounts have been put aside to provide pensions, retirement or similar benefits to any Directors.

3.3 The current annual remuneration of the Directors is as follows:

Director	Annual Fees
Murray Steele	£30,000
Christopher Powles	£25,000
James Otter	£22,500

Ian Pearson

£22,500

Fees paid in respect of the year ended 31 January 2016 were £85,231, including the sum of £20,000 paid to Matt Cooper, who resigned as a Director on 27 January 2016.

In the event that the Merger proceeds, Alex Hambro will join the Board on completion of the Merger and will receive an annual remuneration of £22,500 and Ian Pearson will step down from the Board on 31 January 2017.

- 3.4 Save in respect of the agreements referred to in paragraph 5, no Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company or material to the Company.

4. Substantial Shareholders

- 4.1 The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies who, as at the date of this document, is directly or indirectly, interested in 3% or more of the issued share capital of the Company and who is required to notify such interest in accordance with the Disclosure Guidance and Transparency Rules or who directly or indirectly controls the Company.

5. Material Contracts

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

- 5.1 An agreement dated 4 November 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 the Scheme and Octopus agreed to use reasonable endeavours to procure subscribers for Offer Shares under the Offer. Under the agreement Octopus is paid an initial fee of up to 5.5% of the funds received under the Offer and an ongoing fee of 0.5% per annum of the NAV of the investment amounts received from investors under the Offer who have invested directly into the Company and not through a financial intermediary, for up to nine years and has agreed to discharge all external costs of advice and their own costs in respect of the Offer. Under this agreement certain warranties have been given by the Company, the Directors and Octopus to the other parties. The Company has also agreed to indemnify Howard Kennedy in respect of its role as Sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement can be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.
- 5.2 An offer agreement dated 2 November 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 offer for subscription that was launched on 2 November 2015 (the "2015 Offer") and the merger between the Company and OVCT2 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 5.0% 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 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 the other parties. 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.

- 5.3 An offer agreement dated 24 October 2014, between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the offer for subscription that was launched on 24 October 2014 (the "2014 Offer") and the merger between the Company and OVCT 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 5.0% of the funds received under the 2014 Offer and an ongoing fee of 0.5% per annum of the NAV of the investment amounts received from investors under the 2014 Offer who invested directly into the Company and not through a financial intermediary for up to nine years and agreed to discharge all external costs of advice and their own costs in respect of the 2014 Offer. Under this agreement certain warranties were given by the Company, the Directors and Octopus to the other parties. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor to the 2014 Offer. The warranties and indemnity are in usual form for a contract of this type.
- 5.4 The letters of appointment of the Directors, details of which are set out in paragraph 3.2 above.
- 5.5 An investment management agreement dated 27 July 2006, as varied by deeds of variation dated 16 August 2012, 28 April 2014, 24 October 2014 and 2 November 2015 (the "IMA") between the Company (1) and Octopus (2) pursuant to which Octopus provides discretionary investment management and administration services to the Company. The appointment of Octopus is terminable by either party on not less than 12 months' notice in writing and may also be terminated in circumstances of material breach by either of these parties. Octopus receives an annual management fee of an amount equal to 2% of the net assets of the Company, calculated on a daily basis from 31 January and payable quarterly in advance, together with any applicable VAT thereon in respect of investment management services. Octopus also receives an annual administration and accounting fee of an amount equal to 0.3% of the net assets of the Company, calculated at annual intervals as at 31 January and payable quarterly (plus VAT) and an annual company secretarial fee of £20,000 per annum payable annually or quarterly.

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

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

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

are usual for this type of agreement.

The following contracts will be entered into subject, inter alia, to the approval by Shareholders of Resolution 1 to be proposed at the General Meeting:

5.6 A transfer agreement between the Company and Eclipse (acting through the Liquidators) to give effect to the Scheme pursuant to which all of the assets and liabilities of Eclipse will be transferred to the Company (subject only to the consents from third parties which may be required to transfer such assets and liabilities) in consideration for Scheme Shares, as described in Part III of this document. If any of the parties so require, Eclipse, acting by the Liquidators, shall promptly give instructions to any person holding any part of Eclipse's assets as nominee of or on trust for Eclipse, requiring such person to transfer such assets to the Company. Eclipse, acting by the Liquidators, will also undertake to execute and deliver such other documents and take such other steps as shall be reasonably required by the Company to vest in the Company the assets to be transferred to the Company under this agreement and otherwise to give the Company the full benefit of this Agreement. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of Eclipse will be transferred on receipt to the Company as part of the Scheme.

5.7 A deed of indemnity 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 Scheme.

6. Dilution

6.1 The existing issued Shares in the Company will represent 73.7% of the enlarged Share capital of the Company immediately following completion of the Scheme and the Offer, assuming (i) the Offer is fully subscribed at an Offer Price of 85.2p and (ii) 38,899,060 Scheme Shares are issued pursuant to the Merger and, on that basis, Shareholders who do not receive Offer Shares or Scheme Shares will, therefore, be diluted by 26.3%.

6.2 The existing issued Shares in the Company will represent 81.8% of the enlarged Share capital of the Company immediately following completion of the Scheme, assuming (i) the Offer does not proceed and (ii) 38,899,060 Scheme Shares are issued pursuant to the Merger and, on that basis, Shareholders who do not receive Scheme Shares will, therefore, be diluted by 18.2%.

6.3 The existing issued Shares in the Company will represent 88.2% of the enlarged ordinary share capital of the Company immediately following completion of the Offer, assuming (i) the Offer is fully subscribed at an Offer Price of 85.2p and (ii) the Scheme does not proceed and, on that basis, Shareholders who do not receive Offer Shares will, therefore, be diluted by 11.8%.

7. Other

7.1 The Company was incorporated and registered in England and Wales on 7 June 2006 with limited liability as a public limited company under the CA 1985 with the name Octopus Protected VCT plc, with registered number 05840377. On 12 August 2010 the Company changed its name to Octopus Apollo VCT 3 plc and on 27 September 2012 changed its name to its present name.

7.2 Statutory accounts of the Company for the years ended 31 January 2014, 31 January 2015 and 31 January 2016, in respect of which Grant Thornton UK LLP made unqualified reports under CA 2006, have been delivered to the Registrar of Companies.

7.3 Save for the fees paid to the Directors as detailed in paragraph 3.3 above, the fees paid under the investment management agreement detailed in paragraph 5.5 above, the promoter's fee of £0.14 million paid to Octopus in respect of the Company's top-up offer launched on 2 December 2013, the promoter's fee of £0.3 million paid to Octopus in respect of the Company's offer for subscription that was launched on 24 October 2014, the promoter's fee of £0.7 million paid to Octopus in respect of the Company's offer for subscription that was launched on 2 November 2015 and the promoter's fee payable in respect of the Offer Agreement, there were no other related party transactions or fees paid by the Company during the years ended 31 January 2014, 31 January 2015 and 31 January 2016 or for the period from 31 January 2016 to the date of this document.

- 7.4 There has been no significant change in the financial or trading position of the Company since 31 July 2016, the date to which the last unaudited financial statements have been published, to the date of this document.
- 7.5 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this document, which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.
- 7.6 Howard Kennedy Corporate Services LLP of 1 London Bridge, London SE1 9BG has given and has not withdrawn their written consent to the issue of this document with the references to them in the form and context in which they appear.

8. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the close of the Offer at the registered offices of the Company and Howard Kennedy:

- 8.1 the Articles and the Articles to be adopted at the General Meeting;
- 8.2 the annual report and accounts of the Company for the financial years ended 31 January 2014, 31 January 2015 and 31 January 2016 and the half-yearly report of the Company for the six month periods ended 31 July 2015 and 31 July 2016;
- 8.3 the material contracts referred to at paragraph 5 above;
- 8.4 the consent letter referred to at paragraph 7.6 above; and
- 8.5 this document.

4 November 2016

PART VI - DEFINITIONS

"Acts"	CA 1985 and CA 2006 (as applicable)
"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 Offer Shares under the Offer
"Application"	an application for Offer 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"	the board of Directors of the Company
"Boards"	the boards of the Company and Eclipse
"CA 1985"	Companies Act 1985
"CA 2006"	Companies Act 2006
"Capita Asset Services"	a trading division of Capita Registrars Limited
"Circular"	this document
"Company"	Octopus Apollo VCT plc
"Companies"	the Company and Eclipse
"Directors"	the directors of the Company (and each a "Director")
"Dividend Reinvestment Scheme" or "DRIS"	the Company's dividend reinvestment scheme, details of which are set out in Part IV
"Eclipse"	Octopus Eclipse VCT plc
"Eclipse Circular"	the circular to Eclipse Shareholders dated 4 November 2016
"Eclipse First General Meeting"	the general meeting of Eclipse to be held on 7 December 2016 (or any adjournment thereof)
"Eclipse General Meetings"	the Eclipse First General Meeting and the Eclipse Second General Meeting
"Eclipse Second General Meeting"	the general meeting of Eclipse to be held on 19 December 2016 (or any adjournment thereof)
"Eclipse Shares"	ordinary shares of 10p each in the capital of Eclipse (and each an "Eclipse Share")
"Eclipse Shareholders"	holders of Eclipse Shares
"Enlarged Company"	the Company following implementation of the Scheme
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting" or "GM"	the general meeting of the Company convened for 12 December 2016 (or any adjournment thereof)
"HMRC"	HM Revenue and Customs
"Howard Kennedy"	Howard Kennedy Corporate Services LLP

"IA 1986"	The Insolvency Act 1986, as amended
"ITA 2007"	Income Tax Act 2007 (as amended)
"Knowledge Intensive Company"	a company satisfying the conditions in Section 331(A) of Part 6 ITA 2007, becoming effective from Royal Assent to the Finance Bill 2015-2016
"Liquidators"	William Duncan and Adrian Allen of RSM Restructuring Advisory LLP, being the proposed liquidators for Eclipse
"Listing Rules"	the listing rules of the UKLA
"London Stock Exchange"	London Stock Exchange plc
"Market Abuse Regulation"	Market Abuse Regulation (596/2014/EU)
"Merger Regulations"	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
"Merger Value"	the value of a Share calculated in accordance with the formula set out in Part III of this document
"NAV"	net asset value
"New Shares"	the Scheme Shares and/or Offer Shares, as applicable (and each a "New Share")
"Octopus" or the "Manager"	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 by the Company for Offer Shares in respect of the tax years 2016/17 and 2017/18 contained in this document
"Offer Agreement"	the offer agreement dated 4 November 2016 between the Company, the Directors, the Manager and Howard Kennedy, details of which are set out in Part V
"Offer Price"	the price per Offer Share in respect of each Company, as set out in Part IV
"Offer Shares"	Shares being offered by the Company under the Offer (and each an "Offer Share")
"Official List"	the official list maintained by the UK Listing Authority
"OVCT"	Octopus VCT plc (dissolved)
"OVCT2"	Octopus VCT 2 plc (in liquidation)
"Proposals"	the proposals to effect the Scheme and the Offer, and to approve the Resolutions
"Prospectus"	the prospectus issued by the Company dated 4 November 2016
"Prospectus Rules"	the prospectus rules made in accordance with the EU Prospectus Directive 2003/71/EC
"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
"Roll-Over Value"	the value of a Share calculated in accordance with the formula set out in Part III of this document
"Scheme" or "Merger"	the proposed merger of the Company with Eclipse by means of placing Eclipse 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 Eclipse in consideration for Scheme Shares, further details of which are set out in Part III of this document
"Scheme Calculation Date"	the date on which the number of Scheme Shares to be issued pursuant to the Scheme will be calculated, anticipated as being after the close of business on 16 December 2016
"Scheme Effective Date"	the date on which the Scheme will be completed, anticipated as being 19 December 2016
"Scheme Record Date"	the record date to which entitlements will be allocated pursuant to the Scheme, anticipated as being 16 December 2016
"Scheme Shares"	the Shares being issued pursuant to the Scheme (and each a "Scheme Share")
"Shareholders"	holders of Shares (and each a "Shareholder")
"Shares"	ordinary shares of 10p each in the capital of the Company (and each a "Share")
"TCGA 1992"	Taxation of Chargeable Gains Act 1992
"Transfer Agreement"	the agreement between the Company and Eclipse (acting through the Liquidators) for the transfer of all of the assets and liabilities of Eclipse, by the Liquidators, to the Company pursuant to the Scheme
"UKLA"	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
"Venture Capital Trust" or "VCTs"	a company which is, for the time being, approved as a venture capital trust under Section 259 of the ITA 2007
"VCT Rules"	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs

Octopus Apollo VCT plc
(Registered in England and Wales with registered number 05840377)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Octopus Apollo VCT plc (“the Company”) will be held at 2.30 pm on 12 December 2016 at 33 Holborn, London, EC1N 2HT for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions:

Special Resolutions

1. THAT, subject to the Scheme becoming unconditional:
 - 1.1 the acquisition of the assets and liabilities of Eclipse on the terms set out in the Circular be and hereby is approved; and
 - 1.2 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 in the Company up to an aggregate nominal amount of £5 million in connection with the Scheme (representing 28.5% of the issued share capital of the Company as at 3 November 2016, this being the latest practicable date prior to the date of this notice), provided that the authority conferred by this paragraph 1.2 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).
2. THAT, in addition to (i) existing authorities and (ii) the authorities conferred by Resolution 1 set out in this notice:
 - 2.1 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 Shares and to grant rights to subscribe for or to convert any security into Shares up to an aggregate nominal amount of £4 million (representing 22.8% of the issued share capital of the Company as at 3 November 2016, this being the latest practicable date prior to the date of this notice), provided that the authority conferred by this paragraph 2.1 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;
 - 2.2 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 paragraph 2.1 of this Resolution 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 paragraph 2.2 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) and provided further that this power shall be limited to:
 - (a) the allotment and issue of Shares up to an aggregate nominal value of £4 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.
3. THAT, in addition to (i) existing authorities and (ii) the authorities conferred by Resolutions 1 and 2 set out in this notice:
 - 3.1 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 Shares

in the Company up to an aggregate nominal amount of £1 million in connection with the Company's dividend reinvestment scheme (representing 5.7% of the issued share capital of the Company as at 3 November 2016, this being the latest practicable date prior to the date of this notice), provided that the authority conferred by this paragraph 3.1 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 after such expiry;

- 3.2 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 paragraph 3.1 of this Resolution 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 paragraph 3.2 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) and provided further that this power shall be limited to the allotment and issue of Shares up to an aggregate nominal value of £1 million in connection with the Company's dividend reinvestment scheme.
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 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 26,259,520 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 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
 - (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.
6. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's share premium account at the date that the court order granting the cancellation is made, be cancelled.
7. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's capital redemption reserve at the date that the court order granting the cancellation is made, be cancelled.

For the purposes of these Resolutions, words and expressions defined in the Circular shall have the same meanings in this notice, save where the context requires otherwise.

Dated 4 November 2016

By order of the Board
Nicola Board
Secretary

Registered Office:
33 Holborn
London
EC1N 2HT

Information regarding the General Meeting, including the information required by section 311A of the CA 2006, is available from: www.octopusinvestments.com.

Notes:

- (a) Any member of the Company entitled to attend and vote at the General Meeting (“General Meeting”) is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (i) below. Under section 319A of the CA 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
- (b) To be valid, the reply paid Form of Proxy enclosed with this document and the power of attorney or other written authority, if any, under which it is signed (or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority) must be delivered to the Company’s registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company’s registrars, Capita Asset Services at Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company’s registrars at least 48 hours before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (e) You may submit your proxy electronically using the Shareportal Service at www.capitashareportal.com. If not already registered for the share portal, you will need your investor code which can be found on your share certificate. If you cannot locate your investor code, please contact Capita Asset Services 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. Calls may be recorded and randomly monitored for security and training purposes.
- (f) Copies of the Directors’ Letters of Appointment, the Register of Directors’ interests in the shares of the Company, and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the General Meeting and at the place of the General Meeting for at least 15 minutes prior to and during the meeting.
- (g) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company’s shares registered on the Register of Members of the Company as at 6.00 pm on 10 December 2016 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 6.00 pm on 10 December 2016 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.

- (h) As at 3 November 2016, the Company's issued share capital comprised 175,180,266 Shares. The total number of voting rights in the Company as at 3 November 2016 is 175,180,266. Octopus Investments Limited's website referred to above will include information on the number of shares and voting rights.
- (i) If you are a person who has been nominated under section 146 of the CA 2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (j) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (k) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (l) Except as provided above, members who have general queries about the General Meeting should call the Company Secretary, Nicola Board, on 0800 316 2295 or write to her at Octopus Investments Limited, 33 Holborn, London EC1N 2HT (no other methods of communication will be accepted):
- (m) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

ANNEX I

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

1. Elections to participate in the DRIS should be addressed to the DRIS Administrator, Capita Asset Services ("DRIS Administrator") in accordance with condition 12 and will only be effective for dividends to be paid 15 days following receipt of the election by the DRIS Administrator.
2.
 - (a) The Company, acting through the DRIS Administrator, shall have absolute discretion to accept or reject elections. An applicant shall become a member of the DRIS upon acceptance of his or her election by the DRIS Administrator on the Company's behalf ("Participants"). The DRIS Administrator will provide written notification if an election is rejected. Only registered shareholders of the Company ("Shareholders") may join the DRIS.
 - (b) The Company shall apply dividends to be paid to Participants on ordinary shares of 10p each ("Shares") in the Company in respect of which an election has been made in the allotment of further Shares. The DRIS Administrator shall not have the discretion, and Participants may not instruct the DRIS Administrator, to apply those dividends ("funds") towards any investments other than investment in Shares as set out in this condition 2(b).
 - (c) Participants who are Shareholders may only participate in the Scheme if all Shares registered in their name are mandated to the DRIS.
 - (d) By joining the DRIS, Participants instruct the DRIS Administrator that the mandate will apply to the full number of Shares held by them, as entered onto the share register of the Company from time to time.
 - (e) In relation to new Shares to be allotted in relation to a dividend such Shares will only be allotted to the registered shareholder and not any beneficial holder. Nominee Participants shall not be entitled to instruct the DRIS Administrator to allot Shares to a beneficial holder (and Participants are advised to read condition 16 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 below 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 NAV per existing Share or (ii) the mid market price per Share as quoted on the London Stock Exchange at the close of business on the 10th business day preceding the date of issue of such Shares. Shares will not be allotted at less than their nominal value.
 - (c) Fractional entitlements will not be allotted and any residual cash balance of less than the amount required to subscribe for a further new Share, as set out in 3(b) above will be donated to a registered charity at the discretion of the Company.
 - (d) The Company shall not be obliged to allot Shares under the DRIS to the extent that the total number of Shares allotted by the Company pursuant to the DRIS in any financial year would exceed 10% of the aggregate number of Shares on the first day of such financial year.
 - (e) The Company shall immediately after the subscription of Shares in accordance with the condition at 3(a) above take all necessary steps to ensure that those Shares shall be admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange, provided that, at the time of such subscription, the existing Shares in issue are so

admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange.

4. The DRIS Administrator shall as soon as practicable after the allotment of Shares in accordance with condition 3 procure (i) that the Participants are entered onto the Share Register of the Company as the registered holders of those Shares (ii) that share certificates (unless such Shares are to be uncertified) and, where applicable, income tax vouchers ("Tax Vouchers") are sent to Participants at their own risk and (iii) that Participants receive a statement detailing:
 - (a) the total number of Shares held at the record date for which a valid election was made;
 - (b) the number of Shares allotted;
 - (c) the price per Share allotted;
 - (d) the cash equivalent of the Shares allotted; and
 - (e) the date of allotment of the Shares.
5. All costs and expenses incurred by the DRIS Administrator in administering the DRIS will be borne by the Company.
6. Each Participant warrants to the DRIS Administrator that all information set out in the application form (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 Administrator and that during the continuance of his or her participation in the DRIS he or she will comply with the provisions of condition 7 below.
7. The right to participate in the DRIS will not be available to any person who is a citizen, resident or national of, or who has a registered address in, any jurisdiction outside the UK unless such right could properly be made available to such person. No such person receiving a copy of the DRIS documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the DRIS to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).
8. Participants acknowledge that the DRIS Administrator is not providing a discretionary management service. Neither the DRIS Administrator nor the Company shall be responsible for any loss or damage to Participants as a result of their participation in the DRIS unless due to the negligence or wilful default of the DRIS Administrator or the Company or their respective employees and agents.
9. Participants may:
 - (a) at any time by notice to the DRIS Administrator terminate their participation in the DRIS and withdraw any funds held by the Company on their behalf; and
 - (b) in respect of Shares they hold as nominee and subject to condition 2(f), give notice to the DRIS Administrator that, in respect of a forthcoming Payment Date, their election to receive Shares is only to apply to a specified amount due to the Participant as set out in such notice.

Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the DRIS Administrator at least 15 days prior to such Payment Date. In respect of notices under (a) above, such notice will be deemed to have been served where the Participant ceases to hold any Shares. Upon receipt of notice of termination, all funds held by the Company on the Participant's behalf shall be returned to the Participant as soon as reasonably practical at the address set out in register of members, subject to any deductions which the Company may be entitled or bound to make hereunder.

10. The Company shall be entitled at its absolute discretion, at any time and from time to time to:
- (a) suspend the operation of the DRIS;
 - (b) terminate the DRIS without notice to the Participants; and/or
 - (c) resolve to pay dividends to Participants partly by way of cash and partly by way of new Shares pursuant to the DRIS.

11. Participants who wish to participate in the DRIS in respect of new Shares to be issued pursuant to a prospectus or top-up offer document may tick the relevant box on the applicable application form.

Participants who wish to participate in the DRIS and who already have Shares issued to them held in certificated form, i.e. not in CREST, should complete and sign a Mandate Form and return it no later than 15 days prior to the dividend payment date to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Personalised Mandate Forms can be obtained from Capita Asset Services at the address above or by telephoning +44 (0) 371 664 0324. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Capita Asset Services are open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Participants who wish to participate in the DRIS and who already have Shares issued to them held in uncertificated form in CREST (and 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 DRS Scheme 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 p.m. on such date that is at least 15 days before the dividend payment date for the relevant dividend in respect of which you wish to make an election. Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST Shareholder wishes to change their election, the previous election would have to be cancelled.

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 the Registrars that he no longer wishes to participate in the DRIS.
13. The Company shall be entitled to amend the DRIS Terms and Conditions on giving one month's notice in writing to all Participants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participants unless in the Company's opinion the change materially affects the interests of the Participants. Amendments to the DRIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may be effected without notice.
14. By ticking the relevant election box and completing and delivering the application form the Participant:

- (a) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - (b) declares that a loan has not been made to the Participant on whose behalf the Shares are held or any associate of either of them, which would not have been made or not have been made on the same terms but for the Participant electing to receive new Shares and that the Shares are being acquired for bona fide investment purposes and not as part of a DRIS or arrangement the main purposes of which is the avoidance of tax.
- 15. Elections by individuals for Shares should attract applicable VCT tax reliefs (depending on the particular circumstances of an individual) for the tax year in which the Shares are allotted provided that the issue of Shares under the DRIS is within the investor's annual £200,000 limit. Participants and beneficial owners are responsible for ascertaining their own tax status and liabilities and neither the DRIS Administrator nor the Company accepts any liability in the event that tax reliefs are not obtained. Beneficial owners of shares held through nominees should obtain tax advice in relation to their own particular circumstances. The Tax Voucher can be used to claim any relevant income tax relief either by obtaining from the HM Revenue & Customs an adjustment to the Participant's tax coding under the PAYE system or by waiting until the end of the year and using the Self Assessment Tax Return.
- 16. The Company will subject to conditions 9, 10 and 19, issue Shares in respect of the whole of any dividend payable (for the avoidance of doubt irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the DRIS Administrator has been notified to the contrary in writing at least 15 days before a Payment Date.
- 17. Shareholders electing to receive Shares rather than a cash dividend will be treated as having received a normal dividend. Qualifying Subscribers should not be liable to income tax on shares allotted in respect of dividends from qualifying VCT shares.
- 18. For capital gains tax purposes, Shareholders who elect to receive Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Shares. The new Shares will be treated as a separate asset for capital gains purposes.
- 19. The Company shall not be obliged to accept any application or issue Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the DRIS Administrator.
- 20. The amount of any claim or claims a Participant has against the Company or the DRIS Administrator shall not exceed the value of such Participant's Shares in the DRIS. Nothing in these DRIS Terms and Conditions shall exclude the Company or the DRIS Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the DRIS Administrator will be responsible for:
 - (a) acting or failing to act in accordance with a court order of which the DRIS Administrator has not been notified (whatever jurisdiction may govern the court order); or
 - (b) forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from an Shareholder (or, where relevant, a nominee) are genuine; or
 - (c) losses, costs, damages or expenses sustained or incurred by an Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the DRIS Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these DRIS Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or

(d) any indirect or consequential loss.

21. These DRIS Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.
22. All notices and instructions to be given to the DRIS Administrator shall be in writing and delivered or posted to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
23. These DRIS Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the DRIS in any other manner permitted by law or in any court of competent jurisdiction.

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

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ANNEX II

OCTOPUS APOLLO 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 Shares in the Company, please sign and return this form to the DRIS Scheme Administrator, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 15 Business Days before the payment of a dividend by the Company. All enquiries concerning this form should be made to Capita Asset Services, New Issues, 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.

If your Shares in the Company 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 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 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 Administrator it will not be processed and will be returned to you for completion.

You can also register to reinvest dividends in the Company by calling Octopus on 0800 316 2295 who will be happy to send you an Application Form, by writing to request a copy from Octopus Investments Limited, 33 Holborn, London, EC1N 2HT or by visiting 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 the Company by contacting the DRIS Administrator.

To: the DRIS 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 Shares of Octopus Apollo VCT plc indicated below and to which the scheme is applied. I/We agree that future dividends paid on Shares will be reinvested in the same class of Shares.

Tick Here to reinvest

Octopus Apollo 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
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Signature (3)	Date
---------------	------

Signature (4)	Date
---------------	------

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