

# Octopus Titan VCT Prospectus

**Offer for subscription by Octopus Titan  
VCT plc to raise up to £125 million by way  
of an issue of new shares.**

**19 October 2023**



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt about the action to be taken, you should immediately consult a person authorised under Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.**

This document, which comprises a prospectus relating to Octopus Titan VCT plc (the "Company") dated 19 October 2023, has been prepared in accordance with the Prospectus Regulations Rules, and has been approved for publication by the Financial Conduct Authority as a prospectus under article 20 of the Prospectus Regulation.

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

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

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

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

**Octopus Titan VCT plc**

*(registered number 06397765)*

**Prospectus relating to:**

**offer for subscription by Octopus Titan VCT plc of New Shares to raise up to a maximum of £125 million, payable in full in cash on application\***

**Sponsor**

**Howard Kennedy Corporate Services LLP**

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The ordinary shares of the Company in issue at the date of this document are listed on the premium segment of the Official List of the Financial Conduct Authority and traded on the London Stock Exchange's main market for listed securities. Application has been made to the Financial Conduct Authority for all of the New Shares to be listed on the premium segment of the Official List and application will be made to the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities. It is expected that such admission will become effective and that trading will commence in respect of the New Shares within 10 business days of their allotment. The New Shares will be issued in registered form and will be freely transferable in both certificated and uncertificated form and will rank *pari passu* in all respects with the existing Shares.

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any New Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or their respective territories or possessions, or in any other jurisdiction where to do so would be unlawful, and documents should not be distributed, forwarded or transmitted in or into such territories. The New Shares have not been

and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or in any other jurisdiction where to do so would be unlawful.

\*If the Offer is oversubscribed it may be increased by a further £75 million at the discretion of the Board.

Your attention is drawn to the risk factors set out on pages 12 and 13 of this document. Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. All statements regarding the Company's business, financial position and prospects should be viewed in light of such risk factors.

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

This document is not a KID (key information document) for the purposes of the UK PRIIPS Laws.

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## Summary

### Introduction and Warnings

Name and ISIN of Securities	Ordinary Shares of 0.1 pence each (ISIN: GB00B28V9347) ("Shares").
Identity and Contact Details of Issuer	Octopus Titan VCT plc (the "Company") was incorporated and registered in England and Wales on 12 October 2007 with registered number 06397765 and its registered address is 6 <sup>th</sup> Floor, 33 Holborn, London EC1N 2HT (LEI: 213800A67IKGG6PVYW75). The Company can be contacted at <a href="http://www.octopusinvestments.com">www.octopusinvestments.com</a> or by telephone on 0800 316 2295.
Competent Authority approving the Prospectus	The Financial Conduct Authority, 12 Endeavour Square, London EC20 1JN, telephone 020 7066 1000.
Date of Approval of the Prospectus	19 October 2023.
Warnings	<p>(a) This summary should be read as an introduction to the Prospectus.</p> <p>(b) Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.</p> <p>(c) An investor could lose all or part of their invested capital.</p> <p>(d) Civil liability attaches only to those persons who have tabled this summary, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Shares.</p>

### Key Information on the Issuer

Who is the Issuer of the Securities?		
	Domicile and legal form	The Company is domiciled in England and was incorporated and registered in England and Wales on 12 October 2007 as a public company limited by shares under the Companies Act 2006 ("CA 2006") with registered number 06397765 (LEI: 213800A67IKGG6PVYW75). The principal legislation under which the Company operates is the CA 2006 and the regulations made thereunder.
	Principal Activities	The Company's focus is on providing early stage, development and expansion funding to high growth tech-enabled unquoted companies. The Company typically makes an initial investment of £1 million to £10 million and will make further follow on investments into existing portfolio companies. The Company's intention is to hold a portfolio of largely early stage, high growth unquoted tech-enabled companies.
	Major Shareholders	The Company is not aware of any person or persons who have, or who following the Offer will or could have, directly or indirectly voting rights representing 3% or more of the issued share capital of the Company or who can, or could following the Offer, directly or indirectly exercise control over the Company. There are no different voting rights for any shareholder of the Company ("Shareholder").
	Directors	<p>The directors of the Company (the "Directors" or "Board"), all of whom are non-executive, are:</p> <p>Tom Leader</p>

		Jane O'Riordan Gaenor Bagley Lord Rockley Julie Nahid Rahman			
	Statutory Auditors	The statutory auditor of the Company is BDO LLP, 55 Baker Street, London, W1U 7EU.			
What is the key financial information regarding the issuer?			Year ended 31 December 2022 (audited)	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2023 (unaudited)
		Net assets (£'000)	1,051,760	1,180,101	1,055,683
		Issued Shares	1,367,949,929	1,292,086,596	1,547,797,287
		Net asset value per Share	76.9p	91.3p	68.2p
		Net profit/(loss) before taxation (£'000)	(319,215)	(148,242)	(87,609)
		Total income before operating expenses (£'000)	(296,217)	(139,361)	(72,346)
		Earnings per Share	(24.6)p	(11.5)p	(6.0)p
		Dividend paid per Share during the period	5p	3p	3p
		NAV plus cumulative dividends paid	173.9p	186.3p	168.2p
		Performance fee (paid)(£'000)	63,943	0	0
		Investment Management Fee (accrued/paid) (£'000)	22,508	11,339	10,439
		Any other material fees paid to service providers (£'000)	1,893	922	1,046
		Foreign exchange translation (£)	6,570	5,985	(1,656)
		Total Expenses (£'000)	29,568	14,866	13,607
		As a percentage of average Shareholders' funds	2.6%	1.2%	1.3%
		Revenue return after expenses and taxation (£'000)	(7,321)	(3,656)	(2,147)
		Net asset value return/ (loss) <sup>1</sup>	(23.8)p	(11.4)p	(5.7)p
		Cash and cash equivalents(£'000)	74,821	98,885	127,265
		Corporate bonds (£'000)	104,244	104,775	105,196
		<sup>1</sup> This includes dividends paid in the period			

<p>What are the key risks that are specific to the issuer?</p>	<p><b>Set out below is a summary of the most material risk factors specific to the issuer</b></p> <ul style="list-style-type: none"> <li>• Shareholders may be adversely affected by the performance of the investments, which may restrict the ability of the Company to distribute any capital gains and revenue received on the investments.</li> <li>• The Company's investments may be difficult, and take time, to realise, which may affect the returns to investors.</li> <li>• The current hostilities in the Ukraine and the resulting sanctions imposed on the Russian Federation by various countries around the world may have unforeseen, long term and far reaching consequences for the global economy and the Company's portfolio of investments. In particular, the interruption and/or limitation in the supply of certain natural resources (such as oil and gas) could have a negative impact on the performance of the Company's portfolio of investments.</li> <li>• The widespread increase in the cost of living across the UK, with high inflation, high interest rates and rising costs for businesses and customers, may have an adverse effect on the Company's investee companies and, therefore, the performance of the Company and the returns for investors. In addition, the Company's assets are valued in accordance with the International Private Equity and Venture Capital Guidelines on a Fair Value basis, so valuations have been reappraised to take into account these factors, which may continue to impact the outlook for and value of the Company's portfolio of investments.</li> <li>• In 2015, a sunset clause for venture capital trust ("VCT") income tax relief was introduced. This provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is renewed by an HM Treasury order. The Government has announced that support for VCT legislation would continue beyond this date, but no further details have been released to date.</li> <li>• It can take a number of years for the underlying value or quality of the businesses of smaller, unquoted, companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods. Establishing a fair value under the International Private Equity and Venture Capital Guidelines for smaller, unquoted companies can be difficult due to the lack of a readily available market for the shares of such companies and the potentially limited number of external reference points. This may adversely affect the performance of the Company.</li> <li>• Investment in unquoted companies, which comprises most of the Company's portfolio, by its nature, involves a higher degree of risk than investment in companies listed on the Official List ("Official List") of the Financial Conduct Authority ("FCA").</li> <li>• VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from capital within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.</li> <li>• Whilst it is the intention of the board of the Company that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in the Shareholders losing the tax reliefs available for VCT shares and the Company losing its exemption from corporation tax on capital gains.</li> </ul>



### Key Information on the Securities

What are the main features of the securities?		
	Type, class and ISIN of securities	The Company will issue new ordinary shares of 0.1 pence each ("Shares") under the Offer ("New Shares"). The ISIN of the New Shares is GB00B28V9347.
	Currency, par value and number to be issued	The currency of the New Shares is Sterling. The New Shares are ordinary shares of 0.1 pence each and pursuant to the Offer, the Company will issue up to £125 million of New Shares with an over-allotment facility of up to a further £75 million of New Shares.
	Rights attaching to the securities	<p><u>As Regards Income:</u> The holders of the Shares as a class shall be entitled to receive such dividends as the Directors resolve to pay.</p> <p><u>As Regards Capital:</u> On a return of capital on a winding up or any other return of capital (other than on a purchase by the Company of its Shares), the surplus capital and assets shall be divided amongst the holders of Shares pro rata according to the nominal capital paid up on their respective holdings of Shares.</p> <p><u>As Regards Voting and General Meetings:</u> Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each holder of Shares present in person or by proxy shall on a poll have one vote for each Share of which he is the holder.</p> <p><u>As Regards Redemption:</u> The Shares are not redeemable.</p>
	Seniority of securities	The New Shares that are the subject of the Offer will rank equally with the existing Shares in the event of an insolvency of the Company.
	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the New Shares.
	Dividend policy	Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income derived in any accounting period from shares and securities. The Company is targeting a regular dividend in each financial year of 5% of the net asset value per Share at the start of that financial year, with the potential to pay special dividends when there are significant gains from the sale of portfolio holdings.
Where will the securities be traded?		An application has been made to the FCA for the New Shares issued pursuant to the Offer to be admitted to the premium segment of the Official List and will be made to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that each such admission will become effective, and that dealings in those New Shares will commence, within 10 business days of their allotment.
What are the key risks that are specific to the securities?		<p><b>Set out below is a summary of the most material risk factors specific to the securities</b></p> <ul style="list-style-type: none"> <li>There is no certainty that the market price of Shares will fully reflect their underlying net asset value ("NAV") or that any dividends will be paid, nor should Shareholders rely upon any share buyback policy to offer any certainty of selling their Shares at prices that reflect their underlying NAV.</li> </ul>



	<ul style="list-style-type: none"> <li>Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment.</li> <li>Income tax relief on subscription for shares in a VCT is restricted where, within 6 months, whether before or after the subscription, the investor had disposed of shares in that VCT or a VCT which at any time merges with that VCT and where, in the case of a merger taking place after the subscription, it was known at the time of the subscription that the VCTs were intending to merge.</li> </ul>
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#### Key Information on the Offer of Securities to the Public and/or Admission to Trading on a Regulated Market

Under which conditions and timetable can I invest in this security?	<p><b>Details of the Offer and Admission to Trading</b></p> <p>Up to £125 million of New Shares are being made available under the Offer at the Offer price set out below (the "Offer Price"), with an over-allotment facility of up to a further £75 million of New Shares. The New Shares are payable by an applicant in full upon application. The Offer will close on or before 18 October 2024. The Board reserves the right to close the Offer at any time and to accept applications and issue New Shares at any time following the receipt of valid applications. An application will be made to the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities. It is expected that such admission will become effective and that trading will commence in respect of the New Shares within 10 business days of their allotment.</p> <p><b>Pricing of the Offer</b></p> <p>The Offer Price for each allotment of New Shares will be determined by the following formula:</p> <ul style="list-style-type: none"> <li><b>the most recently announced NAV per Share of the Company at the time of the allotment, divided by 0.945</b></li> </ul> <p>Applicants whose valid applications are received prior to 21 December 2023 will benefit from the costs of the Offer being reduced by 2%. Applicants who are existing, or who were previously, shareholders of any Octopus VCT will additionally benefit from the costs of the Offer being reduced by 1%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus Investments Limited ("Octopus"), the Company's portfolio manager. Octopus may at its discretion further reduce the costs of the Offer or extend the above deadline.</p> <p>The Company announces its NAV at least twice annually. Where the share price for the Company has been declared ex-dividend on the London Stock Exchange, the NAV used for determining the Offer Price will be ex-dividend. In determining the Offer Price, the NAV per Share and the Offer Price will be rounded up to one decimal place and the number of New Shares to be issued will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). Where there is a surplus of application funds, these will be returned to applicants (except where the amount is less than the Offer Price of one New Share in which case it will be donated to a registered charity), without interest.</p> <p>The Offer will be closed on full subscription, i.e. once the full £125 million plus the over-allotment facility of £75 million have been raised. The Board reserves the right to close the Offer earlier and to accept applications and issue New Shares at any time prior to the close of the Offer. New Shares issued under the Offer will rank pari passu with the existing Shares from the date of issue.</p>
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	<p><b>Costs of the Offer</b></p> <p>The initial costs of the Offer are capped at 7.5% of gross proceeds of the Offer.</p> <p><b>Expenses Charged to Investors</b></p> <p>In consideration for promoting the Offer, the Company will pay an initial charge of 3% of the gross sums invested in the Offer to Octopus. This is payable in the same way on all subscriptions to the Offer. From this sum, Octopus will discharge all external costs of advice and its own and the Company's costs in respect of the Offer. In addition, there are then four categories of options, which are determined by the circumstances of each investor and their explicit instructions, in respect of which payments can be made to advisers and other intermediaries. These are as follows:</p> <p><b>1) <u>A direct investment</u></b></p> <p>Investors who have not invested their money through a financial intermediary/adviser and have invested directly into the Company.</p> <p>In consideration for promoting the Offer, if an application is made directly (not through an intermediary) then the Company will pay Octopus an additional initial charge of 2.5% of the investment amount. If Octopus has agreed to take a lower initial charge, the balance will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above.</p> <p>The Company will also pay Octopus an additional annual ongoing charge of 0.5% of the investment amount's latest NAV for up to seven years, provided the investor continues to hold the Shares. If Octopus chooses to take less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional Shares for the investor, at the most recently announced NAV per Share. Any residual amount less than the cost of a Share will be donated to a registered charity approved by the Board.</p> <p><b>2) <u>An advised investment where advice is received for an upfront fee with an ongoing adviser charge</u></b></p> <p>Investors who have invested in the Offer through a financial adviser and have received upfront advice and will receive ongoing advice.</p> <p>The Company can facilitate a payment on behalf of an investor to an adviser (an 'initial adviser charge') of up to 2.5% of the investment amount. If the investor has agreed with his/her adviser to pay a lower initial adviser charge, the balance (up to a maximum of 2.5%) will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above.</p> <p>The Company can also facilitate annual payments to an adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the adviser to the investor of up to 0.5% per annum of the investment amount's latest NAV for up to seven years, whilst the investor continues to hold the New Shares. If the investor chooses to pay their adviser less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional Shares for the investor, at the most recently announced NAV per Share. Any residual amount less than the cost of a Share will be donated to a registered charity approved by the Board.</p> <p>If the investor terminates their relationship with the adviser then the Company will not make any further payments of ongoing adviser charges to that adviser. The Company will facilitate ongoing adviser charges to a new adviser if an investor changes their adviser and requests the ongoing adviser charge to be paid to their new adviser.</p>
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	<p><b>3) <u>An advised investment where advice is received for an upfront fee with no ongoing adviser charge</u></b>  Investors who have invested in the Offer through a financial adviser and have received upfront advice.</p> <p>Where an investor agreed an upfront fee only, the Company can facilitate a payment of an initial adviser charge of up to 4.5% of the investment amount. If the investor chooses to pay their adviser less than the maximum initial adviser charge, the remaining amount will be used for the issue and allotment of additional New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above. In these circumstances, the Company will not facilitate ongoing annual payments.</p> <p>In both cases (2) or (3), should the investor choose to pay the adviser more than 2.5% or 4.5% respectively, the excess amount will have to be settled by the investor directly with the adviser.</p> <p><b>4) <u>A non-advised investment using an intermediary</u></b>  Investors who have invested their money through a financial intermediary and have not received advice.</p> <p>The Company will pay Octopus an additional initial charge of 2.5% of the investment amount and an additional annual ongoing charge of 0.5% of the investment amount's latest NAV for up to seven years, provided the investor continues to hold the Shares. Octopus may agree to pay some or all of these amounts as commission to the intermediary. Such commission will be available for up to seven years provided that the intermediary continues to act for the investor and the investor continues to be the beneficial owner of the Shares.</p> <p>If the intermediary agrees with the investor to accept a lower amount of initial commission than agreed with Octopus, the balance (up to a maximum of 2.5%) will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above.</p> <p>These charges may, according to the proportion of advised investors where advice is received for an upfront fee only, create some limited reduction of the net asset value per Share immediately subsequent to subscriptions in the Offer being made. This effect will be mitigated and is ultimately expected to be more than compensated, for continuing investors, by the expected benefits derived from a larger pool of investable funds and the financial benefit in subsequent periods of the absence of ongoing adviser charges in respect of such investments.</p> <p><b>Dilution</b></p> <p>The existing issued Shares in the Company will represent 84.7% of the enlarged ordinary share capital of the Company immediately following the Offer, assuming that the Offer is fully subscribed, including the over-allotment facility, with 277,008,310 New Shares issued at an Offer Price of 72.2p, and on that basis Shareholders who do not subscribe under the Offer will, therefore, be diluted by 15.3%.</p>
<p>Why is this prospectus being produced?</p>	<p>The reason for the Offer is to enable the Company to raise funds and then use a minimum of 80% of the proceeds of the Offer to acquire over a period not exceeding three years (and subsequently maintain) a portfolio of VCT qualifying investments in accordance with its published investment policy.</p> <p>The net proceeds of the Offer, assuming a £200 million subscription (with the over-allotment facility fully utilised) and the maximum initial charge, will be £185 million.</p> <p>The Offer is not subject to an underwriting agreement.</p> <p>No conflict of interest is material to the Offer.</p>

## RISK FACTORS

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

### Risk factors relating to the Company

The return received by Shareholders will be dependent on the performance of the underlying investments of the Company. The companies in which the Company invests may not produce the expected returns and the value of such investments, and the interest income and dividends they generate, may fall and adversely affect the performance of the Company and the returns to investors.

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

The current hostilities in the Ukraine and the resulting sanctions imposed on the Russian Federation by various countries around the world may have unforeseen, long term and far reaching consequences for the global economy and the Company's portfolio of investments. In particular, the interruption and/or limitation in the supply of certain natural resources (such as oil and gas) could have a negative impact on the performance of the Company's portfolio of investments.

The widespread increase in the cost of living across the UK, with high inflation, high interest rates and rising costs for businesses and customers, may have an adverse effect on the Company's investee companies and, therefore, the performance of the Company and the returns for investors. In addition, the Company's assets are valued in accordance with the International Private Equity and Venture Capital Guidelines on a Fair Value basis, so valuations have been reappraised to take into account these factors, which may continue to impact the outlook for and value of the Company's portfolio of investments.

In 2015, a sunset clause for VCT income tax relief was introduced. This provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is renewed by an HM Treasury order. The Government has announced that support for VCT legislation would continue beyond this date, but no further details have been released to date.

It can take a number of years for the underlying value or quality of the businesses of smaller, unquoted, companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods. Establishing a fair value under the International Private Equity and Venture Capital Guidelines for smaller, unquoted companies can be difficult due to the lack of a readily available market for the shares of such companies and the potentially limited number of external reference points. This may adversely affect the performance of the Company.

Investment in unquoted companies, which comprises most of the Company's portfolio, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rates (as at the 30 June 2023 approximately 20% of the value of Titan's portfolio companies are denominated in USD), taxation and other regulatory changes. In addition, the market for securities in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from share capital or reserves arising from the issue of shares within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

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

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

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

The Finance Act 2018 introduced a "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk. The Company may not make any prohibited non-qualifying investments, including those which breach the "risk-to-capital" condition, and the potential penalty for contravention of these rules can include loss of VCT status with a resultant clawback of VCT tax reliefs from investors. Due to HMRC's interpretation of the financial health requirement, VCTs may not be able to follow on investments in portfolio companies which are more than 7 years old and if their accumulated losses exceed half of the subscribed share capital. This may mean that there are fewer opportunities for investment and that the Company may not be able to provide further investment funds for companies already in their portfolios. Whilst HMRC have stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if, after taking reasonable steps including seeking advice, a VCT considers that an investment is qualifying, a breach of any of these conditions could result in the loss of VCT status by the Company or HMRC requiring rectification of the breach, which may mean the Company is forced to dispose of the investment at a loss and this could adversely affect investor returns.

The Company's ability to successfully implement its investment policy is dependent on the efforts, abilities and services of Octopus Ventures. The departure of a number of members of Octopus Ventures' key investment team could adversely affect the Company's ability to implement its investment policy, and, therefore, the performance of the Company.

#### Risk factors relating to the Shares

There is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any Share buyback policy to offer any certainty of selling their Shares at prices that reflect their underlying NAV and there may be periods during a year where the Company will be prohibited from buying back Shares.

Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid. Therefore, there may not be a liquid market (which may be partly attributable to the fact that the initial income tax relief is not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment.

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

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

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

## GENERAL

### Forward-Looking Statements

Investors should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) “forward looking statements”, which can be identified by the use of forward-looking terminology including the various terms “believes”, “continues”, “expects”, “intends”, “aims” “may”, “will”, “would”, “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Save in relation to statements concerning working capital adequacy, forward-looking statements contained in this Prospectus, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. These statements will be updated as and when required by the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance & Transparency Rules.

### Governing Law

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

### Non-Mainstream Pooled Investment Status and UK MiFID Laws

As the Company is a closed-ended investment company, the New Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the New Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments. The Company intends to conduct its affairs so that the New Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under the UK MiFID Laws. The Directors consider that the New Shares should be considered “non-complex” for the purposes of the UK MiFID Laws.

### Websites

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

### Withdrawal

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

## EXPECTED TIMETABLE, OFFER STATISTICS AND COSTS

Launch date of the Offer	19 October 2023
First allotment under the Offer	On or before 5 April 2024
Deadline for receipt of applications for final allotment in 2023/24 tax year	5.00 pm on 2 April 2024
Deadline for receipt of applications for final allotment in 2024/25 tax year	5.00pm on 17 October 2024
Closing date of the Offer	18 October 2024

- The Offer will close earlier if fully subscribed. The Board reserves the right to close the Offer earlier and to accept Applications and issue New Shares at any time following the receipt of valid applications.
- The results of the Offer will be announced to the London Stock Exchange through a Regulatory Information Service provider authorised by the Financial Conduct Authority.
- Dealing is expected to commence in New Shares within 10 business days of allotments and share and tax certificates are expected to be dispatched within 14 business days of allotments.
- The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified through a Regulatory Information Service.

### Offer Statistics

Costs of Offer	Up to 7.5% of gross proceeds of Offer
Initial adviser charge or intermediary commission	Up to 4.5% of gross proceeds of Offer
Ongoing adviser charge or annual ongoing charge	Up to 0.5% per annum of the latest NAV of gross sums invested in the Offer for up to 7 years

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



## Letter from the Chair of Octopus Titan VCT plc

Octopus Titan VCT plc  
6<sup>th</sup> Floor  
33 Holborn  
London  
EC1N 2HT

19 October 2023

Dear Shareholder,

Since Octopus Titan VCT plc ('Titan' or the 'Company') was launched in October 2007, it has raised over £1.6 billion of funds from approximately 28,400 Shareholders and has invested in more than 200 early-stage, pioneering companies. Shareholders who invested at the launch of the Company would have received tax-free dividends of 100p per Share, and still retain Shares valued at 68.2p each as at 30 June 2023, for every 100p which they originally subscribed. This does not take into account the initial tax relief.

I would like to thank existing Shareholders for their continued support and welcome new Shareholders who helped us to raise over £237 million in last tax year's fundraising. In the six months to 30 June 2023, we utilised £130.7 million of the £179.0 million in cash resources with which Titan ended 2022, comprising £65.0 million in new and follow-on investments, £34.4 million in dividends, £18.2 million in share buybacks and £13.1 million in investment management fees and other running costs.

The early-stage venture space has experienced a reset during 2022, both in terms of valuation multiples and funding availability. As a result, we have seen companies seeking to raise smaller amounts at lower company valuations; an intense focus on extending cash runway leading to cost reductions, largely through redundancies; and a significant scale-back of activity by market incumbents, especially growth stage companies. The impact of these factors on Titan's underlying portfolio companies has led to a decline in Titan's net asset value (NAV) over the last eighteen months. Although concerning at first glance, more challenging periods, such as these, often bring opportunity and great businesses can be built in times of economic downturn as barriers to adopting new technologies lessen, talent availability improves and there is increased openness to new ways of working. We believe, however, the Company is well placed to navigate this turbulent period with the support of Shareholders and the diversity of the underlying portfolio in terms of sector, vintage and stage.

Having analysed the projected revenue growth of the Company's portfolio for 2023, we are encouraged to see it is forecasting strong collective growth and over 75 % of the portfolio companies have more than 12 months cash runway available to them. Furthermore, we are encouraged by the resilience and quality of the founders we are interacting with day-to-day and are excited by the pioneering companies they are building, allowing Titan to continue to invest into truly disruptive innovation. We are, therefore, delighted to offer you, once again, an opportunity to acquire New Shares in the Company.

### The Offer

Titan is seeking to raise £125 million under the Offer, with an over-allotment facility of up to a further £75 million, subject to demand and deployment opportunities. The Offer is intended for investors looking for the potential to generate a tax-free return from a portfolio of early-stage UK companies. Investors will benefit from immediate exposure to an existing portfolio of over 140 early-stage companies operating in many different technology-enabled sectors. Investors should remember that the value of an investment, and any income from it, can fall as well as rise.

### Company Performance

The NAV as at 30 June 2023 was 68.2p, a net decrease of 5.7p per Share from 31 December 2022 after accounting for the 3p dividend paid on 24 May 2023. This decline in NAV is disappointing, however the Total Value (NAV plus cumulative dividends paid per Share since launch) at 30 June 2023 was 168.2p (31 December 2022: 173.9p). We believe that the long-term opportunity offered by early-stage venture is still extremely compelling.

Titan paid its first dividend in April 2009 and aims to pay regular dividends in each financial year of 5% of the NAV per Share at the start of that financial year, supplemented by special dividends when investments are realised at significant profit. As recently announced, Titan will be paying a further 2p dividend per Share, which will be paid on 21 December 2023 to Shareholders on the register as at 1 December 2023. The Company has adopted a dividend reinvestment scheme (DRIS) under which Shareholders are given the opportunity to reinvest future dividend payments by way of subscription for new Shares, which allows Shareholders to grow the value of their investment and receive tax relief. Further details of the DRIS are set out in Part One.

The Company has generated a total return of 5.2% over the last five years to 30 June 2023. This includes the impact of all fees and charges but does not include the 30% upfront income tax relief available on newly issued VCT shares.

### **VCT tax benefits**

VCTs are investment vehicles designed to encourage investors, through the provision of generous tax reliefs, to support smaller, higher-risk companies. Qualifying investors are entitled to a number of tax incentives on investments up to £200,000 each year. These include income tax relief as well as tax-free dividends and capital gains. Please see Part Two of the Prospectus for more detail on the tax advantages of VCTs.

### **Investment Process and New Opportunities**

The European technology ecosystem is valued at over \$1.15 trillion<sup>1</sup>, and the UK is at the very centre of this. In 2010, there were only 30 European technology companies, founded after 2000, valued at \$1 billion or more<sup>2</sup>. In 2023, there are 311 companies with over a billion-dollar valuation, and 61 of these are UK-based<sup>3</sup>.

Octopus Ventures is well placed in this active ecosystem and engages with thousands of potential investment opportunities each year but goes on to invest in less than 1% of these. They are highly selective and pick only those that they believe offer the most potential. The team at Octopus Ventures has been scaled in line with the growth of Titan and now has 35 Titan-focused investment professionals assessing new opportunities, meeting potential businesses, conducting in-depth due diligence and helping the portfolio teams achieve their ambitious growth plans.

Titan is the largest VCT in the market, with net assets of approximately £1.1 billion and a diverse portfolio of over 140 companies. Its mission is to back the people and ideas that will change the world and in 2023, more than 25 investments have already completed. VCTs have long provided a compelling mechanism for UK investors to provide funding for such businesses in a tax-efficient way. VCTs can also help stimulate UK employment, as evidenced by Titan's portfolio which has seen 16% growth in its UK employment numbers in 2022, an additional 868 people in the 12-month period.

To gain access to the most exciting investment opportunities, Octopus Ventures' investment team focuses on seven key themes: Bio, Business-to-business (B2B) Software, Climate, Consumer, Deep tech, Health and Fintech. The specialist investment teams nurture the depth of knowledge and connections necessary to help the entrepreneurs we back create world-changing companies in these areas. The team actively participates in the development and growth of the portfolio by typically sitting on the board of the companies into which Titan invests. The portfolio talent team offers direct support, expertise and access to programs and platforms to help the management teams scale their businesses.

Titan typically makes initial investments of between £1 million and £10 million with a view to achieving returns of ten times or more the original value of the initial investment. Titan targets a 20% stake in a new company investment, and usually seeks to maintain this stake (or even increase it) as the company grows. This can mean providing follow-on investment where portfolio companies are successfully reaching their agreed milestones and targets which might, for example, include securing a new external investment partner. This approach helps to reduce the impact of unavoidable failures by focusing on repeat investments into the potential winners and aiming to only increase Titan's exposure to the best performing companies.

As you would expect, investing in early-stage companies is not without risk. A VCT is considered a high-risk investment, and a portfolio of VCT-qualifying companies is expected to have a proportion of failures. The typical industry failure rate for early-stage companies is around 70%<sup>4</sup> within the first three years. Since Titan's inception, just 21% of investee companies have been exited at a whole or partial loss. This equates to less than 17% of total capital invested. These losses are fully incorporated into the Company's overall performance history and demonstrate the resilience of the investment strategy.

### **Conclusion**

The Board is excited by the progress of the Titan portfolio and is confident that the Company can continue to deliver good investment performance to Shareholders over the medium to long-term. Octopus Ventures has proven its ability to source outstanding entrepreneurs, to back those with significant potential for success, and to help secure successful exits on behalf of our Shareholders.

I look forward to welcoming new and existing Shareholders who subscribe through this Offer.

Yours sincerely

Tom Leader  
Chair  
Octopus Titan VCT plc

<sup>1</sup> GP Bullhound: Titans of Tech, June 2023

<sup>2</sup> GP Bullhound Independent Technology Research: European Billion Dollar Companies, June 2014

<sup>3</sup> GP Bullhound: Titans of Tech, June 2023

<sup>4</sup> Dealroom.co Startup Demographics, August 2023

## **PART ONE: THE OFFER**

### **Introduction to the Offer**

### **Terms of the Offer**

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## **Introduction to the Offer**

VCTs were introduced by the UK Government in 1995 to encourage individuals to invest in UK smaller companies. According to the Association of Investment Companies (AIC), £1.08 billion was invested in VCTs in the 2022/2023 tax year, the second highest amount since the inception of VCTs.

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

The Company is seeking to raise £125 million under the Offer, with an over-allotment facility of up to a further £75 million. The minimum investment is £3,000. The minimum investment for investors investing indirectly through a nominee is £500. There is no maximum investment. Multiple Applications are permitted.

The Offer will remain open until 18 October 2024 unless fully subscribed at an earlier date and the Board reserves the right to close the Offer earlier and to accept applications and issue New Shares at any time following the receipt of valid applications. New Shares issued will rank pari passu with the existing Shares from their date of issue.

## **Terms of the Offer**

The full terms and conditions applicable to the Offer are set out on pages 64 to 69.

## **Use of funds**

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

## **Intermediary charges**

Details are set out in the Terms and Conditions of the Offer on pages 64 to 69.

## Investment policy

The investment policy of the Company is as follows:

The Company's focus is on providing early stage, development and expansion funding to unquoted companies. The Company typically makes an initial investment of £1 million to £10 million and will make further follow-on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology and technology-enabled companies.

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

The investment profile is expected to be:

- 80-90% in VCT qualifying investments, primarily in unquoted companies
- 10-20% in non-VCT qualifying investments or cash.

## Non-VCT Qualifying Investments

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

## VCT Qualifying Investments

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

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

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

## Investment process

Titan seeks to simultaneously deliver financial returns to its investors, as well as helping to build a better tomorrow.

Octopus Ventures assesses investment opportunities on a wide range of factors to ensure they are appropriate for Titan throughout the investment process.

While the wider process can differ depending on the stage and sector of each business, this includes:

- Deal Sourcing/Origination – The Titan investment team focus on investing in businesses operating within 7 "themes" or sectors – Health, Bio, FinTech, Deep Tech, Consumer, B2B software and Climate. These are markets where they believe there is the best opportunity to build \$1bn+ companies. There are dedicated investment professionals within each of these target sectors who are focussed on sourcing new opportunities, building networks and specialist expertise. The team will complete 'deep dives' into relevant topics within each sector, with a view to understanding specific areas of interest as comprehensively as possible. This enables them to identify opportunities that might not be as accessible to less specialised investors and to earn the credibility of the most pioneering entrepreneurs. Partnering with an investor that understands a specific industry in depth has been shown to be one of the most valued attributes.
- Deal Filtering and selection – The investment team engage with thousands of companies seeking funding each year. Of these they then meet with hundreds of different management teams in order to identify the most impressive

opportunities and then typically go on to make just 15-30 new investments per year. This level of new investments is in line with previous years.

- **Due Diligence Process** - Once an investment has obtained first-stage Octopus Ventures investment committee (the "OV IC") approval and heads of terms have been agreed with the business, the opportunity will be subject to in-house due-diligence. Third-party experts are also often commissioned which may include deeper financial, commercial, technical and/or legal analysis to validate and challenge the investment team's view of the opportunity and ensure that any risks are understood.
- **Deal Approval** - The OV IC has been established to make investment decisions on behalf of Titan. The overriding role of the OV IC is to ensure that all investment proposals which are approved are in the best interests of Titan's investors, acting within the mandate of the Company and that they comply with all statutory, regulatory, fiduciary and contractual obligations. There are two OV IC stages where each investment opportunity is reviewed, including a final OV IC approval. At the second OV IC stage, consideration is given to the results of the due diligence process and the final investment terms. If the investment proposal has been referred to Octopus' conflicts committee or responsible investment committee, their respective approvals will also be required prior to investing in a business.

The proposal can be rejected at any stage up to and including the OV IC approval.

### **Responsible investment**

Titan has a policy in place (the "Policy"), which is set by the Board, to make sure Octopus Ventures considers responsible investment within investment decisions in relation to Octopus Titan VCT.

#### **Approach**

The Policy ensures that Octopus Ventures follows a three-step approach to responsible investment investment which is aligned with the Octopus Group's responsible investment policy. This framework considers:

- 1. Materiality of risks to investments:** the materiality of sustainability issues in Titan's underlying portfolio
- 2. Mission:** the mission of an investment; and
- 3. Responsibility:** a portfolio company's value, culture and behaviour.

The Manager is responsible for implementing the Policy. As the nature of the responsible investment, our investors, and the wider business environment evolves, the Policy will be reviewed and if necessary updated to reflect changes in regulations and market practice.

#### **Responsible Investment Process**

##### **1. Materiality**

Titan has a responsible investment policy to ensure environmental, social and governance risks of Titan's underlying portfolio will be considered during the investment process and any sustainability issues, that could impact the financial performance of an investment, are identified. To do this, a responsible investment tool is used which utilises guidance from the Sustainability Accounting Standards Board (SASB) to help identify and manage any issues.

Once identified, Octopus Ventures consider the exposure to these risks and engage directly with the portfolio companies to understand how appropriately they are managing the risks. Given the nature of these tech-enabled businesses, the most material risks identified include data security, data privacy, and recruiting and managing a global, diverse and skilled workforce.

##### **2. Mission**

Titan's mission is to invest in the ideas, industries and people that will change the world – backing pioneering entrepreneurs building companies that are using technology to shape the future. Whilst Titan doesn't target specific sustainability goals or objectives, Octopus Ventures track the number, amount invested and the value of companies in Titan's portfolio that are aligned with Octopus Group's three sustainable themes: building a sustainable planet, revitalising healthcare and empowering people.

### 3. Responsibility

Titan will not invest in any business whose activities or practices appear on the Octopus Ventures exclusion list, which includes sectors such as tobacco, arms, fossil fuels, gambling and deforestation.

Octopus Ventures makes sure that all portfolio companies:

- provide safe and healthy working conditions;
- treat people fairly, irrespective of race, gender, nationality, disability, political or religious beliefs;
- do not accept bribes; and
- uphold high standards of business integrity at all times.

Octopus Ventures has created an engagement tool which is sent to all of Titan's portfolio companies to help Octopus Ventures understand whether a portfolio company considers its wider stakeholders (community, customers, people, planet and shareholders) within its decision-making, and provides tools and guidance to help them adopt responsible practices.

Octopus Ventures also collect data on diversity within the portfolio and actively work with portfolio companies to support talent management, recruitment and diversity.

For further details on Titan's responsible investment approach please see the Octopus Titan VCT Annual Report 2022, or visit <https://www.octopusinvestments.com/titan/>.

#### **Conflicts of interest**

The Company has built strong relationships with many of the companies in which it invests, and sometimes this can present "conflicts of interest" as explained below.

With these relationships, there is a chance that the interests of one group of investors will be at odds, or present a conflict, with the interests of another group or with the interests of Octopus. The Company and Octopus aim to make sure that the interests of the Shareholders are always looked after. Conflicts of interest are sometimes unavoidable. In the first instance, the Company and Octopus look to prevent them but if they cannot they will take action to manage or mitigate any effect. For more information on some of the main conflicts see below, and refer to the Octopus conflicts of interest policy, which is available from [octopusinvestments.com](https://www.octopusinvestments.com).

#### Investing alongside other Octopus funds

The Octopus Ventures team has previously invested funds from the Company alongside other Octopus-managed products or services, and expects to do so again going forward. It has even invested with Octopus itself in the past. This means an investee company can benefit from more diverse sources of funding while still partnering with Octopus, which in turn could make Octopus a more attractive investor for pioneering entrepreneurs.

Titan will retain pre-emption rights, including right of first refusal, on all existing holdings. Investments into new businesses made by Octopus Ventures will be allocated between Titan and any co-investing Octopus-managed funds and services in accordance with an allocation policy (the "Allocation Policy") that has been agreed by the Board. Any changes to this policy which may impact Titan will require Board approval.

#### The role of Octopus employees

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

#### When could conflicts of interest be harmful to investors?

Some investments held by the Company could have investors across more than one Octopus fund and as a result, the interests of all parties may not be fully aligned. Octopus has agreed policies and processes which are in place to make sure that any transactions that affect more than one group of investors are managed fairly, but sometimes, investors may still be restricted in the timing of an exit.

#### Fees from portfolio companies

Octopus in the past may have received fees from the companies that the Company invests in (for example, when making or selling an investment in a company, as well as for appointing a representative to the board of directors). Since 31 October 2018, Octopus no longer receive such fees in respect of new investments or any such new fees in respect of further

investments into portfolio companies in which the Company invested on or before 31 October 2018, with any such fees received after that time being passed to the Company. The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus, not by the Company. Please see page 48 for more information.

#### Managing conflicts

The Company and Octopus have a number of controls in place to manage any conflicts of interest where they cannot prevent them. These include:

- Octopus Ventures' investment committee makes sure investment decisions are in the best interests of investors, including how potential conflicts of interest are managed when they cannot be avoided as well as being responsible for the Allocation Policy. The Allocation Policy sets out how the amount invested from each fund into each opportunity is decided and is implemented by the Octopus Ventures Allocation Committee.
- The Octopus Conflicts Committee is responsible for ensuring conflicts are handled appropriately, and is independent of Octopus Ventures and Titan.
- The Company obtains professional advice on the conflict management process from an independent advisory firm at least bi-annually, in order to ensure that the conflict management process is equivalent to industry best practice.
- As the Company is a publicly listed company, it has its own Board of Directors, who are required to act independently and represent Shareholders' best interests at all times, and who are ultimately responsible for ensuring the investment objectives and policy of the Company are carried out. The Board also approves the Allocation Policy.
- The value of the Company's investments will be determined on a fair value basis. In the case of quoted securities, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending on convention of the exchange on which the investment is quoted. In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, multiples and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines. The valuations team has no investment responsibility and is also independent from a remuneration perspective in that none of the members of the valuations team have their remuneration directly linked to the performance of the Company. Prior to their review and approval by the Board, valuations are reviewed by a senior investment professional with adequate experience and are also reviewed and approved by the Octopus' valuation committee, one member of which is independent of Octopus Ventures and which comprises individuals who have appropriate expertise and experience in unquoted company valuations.

#### **Performance history**

The Company targets high levels of capital growth from its portfolio of early-stage tech-enabled companies. However, like most VCTs, rather than increasing the value of its shares, it aims to return this investment performance back to Shareholders in the form of tax-free dividends. The potential for paying tax-free dividends to investors is one of the main benefits of VCTs, although they are not guaranteed.

Since the end of the Company's first full year (ending October 2008) up to 30 June 2023 the total increase in value has been 87%. This is based on a starting NAV of 89.9 pence per Share and distributable dividends of 100p per Share.

£5,000 invested in the Company five years ago would, over the period from 30 June 2018 to 30 June 2023, have given a total return of £5,259.81: a 5.2% gain. This illustration assumes upfront fees have already been taken from the value of the initial investment and that the investment on 30 June 2018 was held until 30 June 2023 – the date of the Company's latest interim accounting period. The cumulative total return shown above takes into account all ongoing fees and costs relating to the Company and is inclusive of any dividends paid. It does not include any upfront income tax relief claimed by the investor.

#### **Five year performance**

Launched in 2007, the Company now features a number of established companies, along with more recent investments into early stage businesses in its portfolio of investments. The table below illustrates the Company's 5 year performance from 30 June 2018 to 30 June 2023.



## 5 year performance table

Year to 30 June	2019	2020	2021	2022	2023
Total Return <sup>1</sup>	3.3%	2.3%	32.8%	-10.2%	-19.8%
Dividend Yield <sup>2</sup>	5.3%	5.4%	5.6%	9.7%	5.5%
NAV (pence)	92.4	89.5	113.9	91.3	68.2
Cumulative dividends (pence)	74.0	79.0	84.0	95.0	100.0
NAV + cumulative dividends <sup>3</sup>	166.4p	168.5p	197.9p	186.3p	168.2p

The performance information above shows the total return of the Company in discrete 12 month periods to 30 June from 2019 to 2023. The NAV used to calculate the return for the 12 month period to 30 June 2019 is the most recently announced unaudited NAV prior to 30 June 2019.

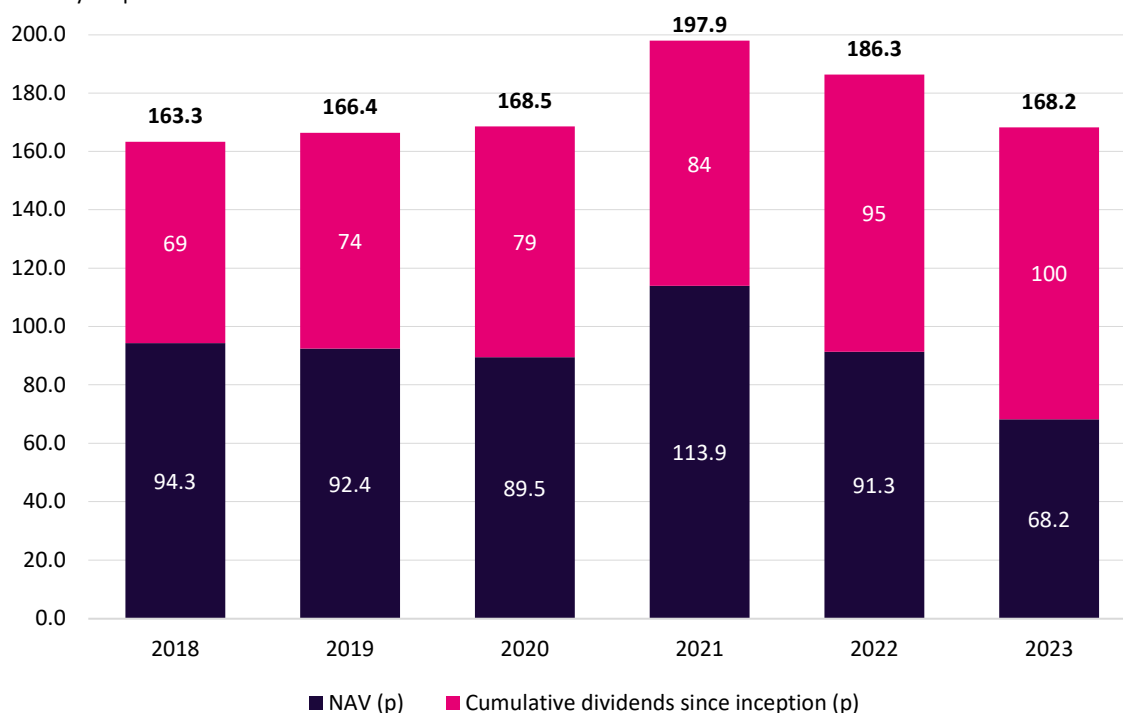
<sup>1</sup> The annual total return for the Company is calculated from the movement in net asset value (NAV) over each period, with any dividends paid over that period then added back. The revised figure is divided by the NAV at the start of that year to get the annual total return.

<sup>2</sup> The dividend yield is calculated by dividing the dividends paid in each of the above periods by the NAV at the start of each of these periods.

<sup>3</sup> Total value is calculated as the sum of the NAV per Share in pence and cumulative dividends per Share in pence for each of the above periods. The NAV is the combined value of the assets owned by the Company after deducting the value of its liabilities (such as debts and financial obligations). The performance shown is net of all ongoing fees and costs.

## Total value growth

Titan's 5 year performance to 30 June 2023.



## Octopus Titan VCT in numbers



<sup>1</sup> Octopus Ventures portfolio companies, comparison of December 2022 vs. December 2021.

<sup>2</sup> Comparison of revenue in 2022 calendar year vs 2021 for the top 10 holdings as at 30 June 2023.

## Dividend policy and Dividend Reinvestment Scheme

VCTs are able to make dividend payments from distributable reserves. In order to retain qualification as a VCT, the Company may not retain more than 15% of the income it receives from shares and securities in any accounting period.

The amount of these dividends depends, amongst other things, on the level of income and capital returns generated by the Qualifying Investments, the performance of the non-Qualifying Investments and the amount raised by the Offer. In the medium to long term the size of dividends paid to Shareholders will depend largely on the level of profits realised from the disposal of investments. Dividends will only be paid if the Board believes it is appropriate to do so.

The Company is targeting a regular dividend in each financial year of 5% of the NAV per Share at the start of that financial year, with the potential to pay special dividends as investments are realised at a significant profit. As at the date of this document, the Company has paid or declared total dividends of 102p per Share to investors. However, this is not a guarantee, and no projection or forecast is expressed or implied. Since inception, this equates to over £470m distributed back to shareholders in the form of tax-free dividends.

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 in Part Two.

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

## Buyback policy

The Board intends to buy back Shares at up to a 5% discount to the last published net asset value. The Board believes this makes an investment in the Company attractive to both current and future Shareholders. All buybacks are subject to the Company having sufficient funds and distributable reserves available and are at the discretion of the Board. There may be periods during a year where the Company will be prohibited from buying back Shares which may include the periods of up to four months after its financial year end and up to three months after its half year end. The discount to NAV is also inclusive of the broker fee charged by Panmure Gordon (the Company's corporate broker) for facilitating the sale.

## The Board

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

## Tom Leader (Chair)

Tom has over 30 years' private equity experience. He is currently Head of Caledonia Private Capital (part of Caledonia Investments plc). Before Caledonia, Tom worked at Nova Capital Management, Baring Private Equity Partners and Morgan Grenfell Private Equity. Tom started his career in the management consultancy practice of Coopers & Lybrand. Tom is a Non-

Executive Director of Stonehage Fleming Family & Partners Limited and Seven Investment Management. Separately, he is Non-Executive Chair of Penox Group GmbH.

**Jane O’Riordan (Non-Executive Director)**

Jane is currently chair of Turtle Bay restaurants, Caravan Restaurants and of Flight Club Darts. Jane was previously a director of Yellowwoods Associates UK Limited, where she was involved in the strategic development of companies such as Nando’s, Gourmet Burger Kitchen, Pizza Express/Gondola and others. Before Yellowwoods, Jane was a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche. In addition to over 29 years of private equity, venture capital and management consulting experience, Jane worked for three years with British Aerospace as a spacecraft systems engineer. Jane has a BSc in mechanical engineering and an MBA from Harvard Business School. Jane was director and Chair of Octopus Titan VCT 5 plc from 17 November 2010 to 27 November 2014.

**Gaenor Bagley (Non-Executive Director)**

Following a 30 year career in professional services, where she held a variety of leadership positions including at board level, Gaenor now has a portfolio of non-executive director roles. Her other current roles include: non-executive director, chair of audit committee and chair of remuneration committee, Zopa Bank Limited; non-executive director, National Audit Office; chair, The Kemnal Academies Trust; external member of Council, Cambridge University. The majority of Gaenor’s professional career has been as a M&A tax adviser with PwC as part of the tax practice. In 2011 she was appointed to the executive board of PwC UK to be Head of People, with responsibilities for developing the firm’s People and Corporate Social Responsibility strategy. Alongside this role she was the Global Head of Learning and Development, responsible for the development strategy for the PwC network firms. From July 2016 until her retirement in December 2017, Gaenor was Head of Corporate Purpose at PwC UK, leading on PwC’s Corporate Social Responsibility agenda.

**Lord Rockley (Non-Executive Director)**

Anthony is a qualified chartered accountant and former partner at KPMG. He joined KPMG in 1983 and held various positions throughout his career, most notably within the banking sector and latterly as the lead audit partner in KPMG’s Private Equity Group (‘PEG’) which he was instrumental in establishing. He led PEG Audit for 15 years until his retirement in 2015. Anthony was a member of the British Venture Capital Association working party and was key in the development of the first valuation guidelines for the industry. He was also a member of the International Private Equity and Venture Capital Guidelines Board between 2005 and 2014. He has an MA in Natural Sciences from Cambridge University.

**Julie Nahid Rahman (Non-Executive Director)**

Julie is currently an external advisor to McKinsey’s life sciences practice in addition to her own independent consulting. She brings over 20 years of experience across a diverse mix of industries from top tier global firms including private equity, executive search and strategy consulting. Julie was previously a member of the European healthcare practice at Spencer Stuart leading senior executive and board appointments for life sciences companies and healthcare funds. Prior to executive search, she spent a decade as an investor at Visium Healthcare Partners and Paul Capital Healthcare providing creative growth capital to life sciences companies. Julie began her career as a strategy consultant with Bain & Company advising healthcare and private equity clients.

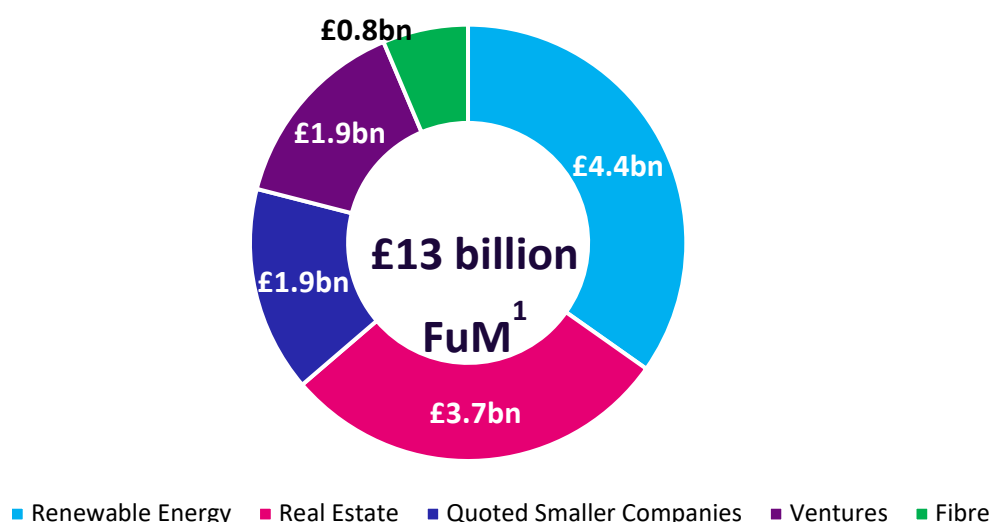
Julie holds an M.B.A. from Harvard Business School and graduated from the Massachusetts Institute of Technology with her M.Sc. in materials science (MIT Langer Lab) and her B.Sc. in chemical engineering.

**Octopus Investments Limited**

Octopus Investments Limited was launched in 2000 by three founders who wanted to create an investment company that put its customers first. As at 30 June 2023, it had more than 680 employees and £13 billion in assets under management (Source: Octopus investments Limited, 30 June 2023). It has tens of thousands of clients and has built market-leading positions in tax-efficient investment, smaller company financing, renewable energy and healthcare. This combined experience aligns with the published investment policy of the Company and on behalf of the Company, Octopus will be pursuing an active investment strategy. Octopus launched its first VCT in 2002 and is now the UK’s largest VCT manager, managing £1.8 billion of VCT money on behalf of over 40,000 investors.

Octopus has helped several large start-ups grow to become household names, including Zoopla Property Group, graze.com, Depop and Secret Escapes.

### Octopus Funds under Management



<sup>1</sup> Octopus, 30 June 2023. FuM includes undrawn commitments, funds under advisory mandates and funds monitored. It also includes funds under the management of Octopus Renewables Limited.

### The Investment Team

Octopus Ventures is the team which manages the Company's investments. They invest mainly in UK based tech-enabled companies with global ambitions and the potential to grow quickly. The team is one of the largest in Europe, with over 80 people, and its network reaches from Shanghai to Silicon Valley from our base in London and office in New York. Octopus Ventures backs pioneering entrepreneurs who are changing the world, focusing predominantly on seven key areas: Health, Bio, Fintech, Deep Tech, Consumer, Climate and Business-to-Business software.

Health looks to back businesses and people at the most ambitious frontiers of medical science. Supporting health tech start ups who uncover the unknown.

Fintech looks to back the start ups that are redefining financial services, driving us towards a future of safe, efficient transactions that occur faster than the speed of thought.

Deep Tech looks to back the founders who are solving deep technical problems across every industry in ways that will transform our world.

Consumer looks at companies that redefine how we live, work and play. Backing the pioneers who use tech to dramatically improve consumers' lives.

Business-to-Business software looks to invest in companies supporting industries through digitisation and automation. Advances in B2B software have an impact on every industry, bringing everyone closer to more efficient and sustainable ways of working.

Climate looks to invest in the people and businesses that are powering planet-friendly progress by creating a circular economy, decarbonising global energy systems and infrastructure, reducing energy consumption, greening finance, protecting and developing ecosystems and erasing our historical footprint through carbon removal technologies.

Bio looks to invest in trailblazing founders creating a bioscience-led revolution. Advances in biosciences and molecular biology, combined with leaps forward in compute power, have laid the foundations for a revolution across sectors from therapeutics to energy.

This focus helps attract the best entrepreneurs, who tend to have a preference for investors who specialise in their sector. It also allows us to find the best opportunities in each area more efficiently while continuing to build specialist skills and expertise.

The investment team comprises the following members:

**Malcolm Ferguson, Partner & Titan Lead Fund Manager**

Malcolm joined Octopus Ventures in 2013 and became the Lead Fund Manager in 2022, having been a Partner for 4 years and a member of the Octopus Ventures Investment Committee for 7 years. He splits his time between the assessment of new investment opportunities within the Fintech Team and ongoing portfolio management. Malcolm is a non-executive director of various portfolio companies including By Miles, Cred Investments, DeadHappy, Legl, ManyPets, Sofar Sounds and Vitesse. Prior to joining Octopus, Malcolm spent a number of years in the investment banking industry, firstly within the TMT team of Bank America Merrill Lynch in London then at GP Bullhound, a leading boutique investment bank, focussing exclusively on technology businesses. Malcolm has a first class degree in BBA Management from Lancaster University.

**Alliott Cole, Managing Director**

Alliott joined Octopus Ventures in 2008 and became Managing Director in 2017. Under his leadership, the investment team has evolved to specialise in Health, Fintech, Deep Tech, Consumer, Business-to-Business software, Climate and Bio, and created a market leading portfolio talent function across Europe and the US. Over the years he has worked closely with many of the Octopus portfolio businesses, notably the food e-commerce business Graze (acquired by Unilever), the ecommerce platform Rangespan (acquired by Google), the machine learning technology startup Magic Pony (acquired by Twitter), the pet food company Tails.com (acquired by Nestle), and the property portal website Zoopla (that listed on the London Stock Exchange and was later acquired by SilverLake). Before arriving at Octopus, Alliott worked as a lawyer at Ashurst, with stints at NM Rothschild and IBM in London. Alliott holds a Masters in Classics from Oxford University and a postgraduate diploma in Law from BPP University, London.

**Will Gibbs, Partner**

Will joined Octopus in 2013 and sits within the Health Team. He works with a range of portfolio companies from Consumer to Enterprise, with a strong bias towards companies aiming to change the face of health. In recent years he has spent significant time developing research interests in areas considered “taboo” which has resulted in multiple new investments around this theme, as well as Quit Genius, US expansion and novel business models within health. Will was based in the Octopus US office in New York during 2016, and continues to help support portfolio companies looking to expand into the US health ecosystem. Prior to Octopus Will set up many small-scale enterprises including a rare-breed pig farm and an organic spirits company. Will holds a degree in Ancient History and Classical Archaeology from Oxford University.

**Rebecca Hunt, Partner**

Rebecca joined the Ventures team in 2012, and focuses on the assessment of investment opportunities, deal origination and ongoing portfolio management within the Consumer space. Rebecca has experience of working with a number of early stage businesses across a range of different sectors and has led investments into and served on the boards of a number of investee companies including Elliptic, Trouva, Uniplaces, Outfittery, Tails.com and AppearHere amongst others. Prior to joining Octopus, Rebecca spent five years working in the Corporate Finance department at Deloitte, firstly in the Transaction Services department and later in the Corporate Finance Advisory division, where she was involved in a diverse range of M&A and capital market deals across a range of sectors. Rebecca is a qualified chartered accountant, and has a first class honours degree in Accounting and Finance from the University of Southampton.

**Simon King, Partner**

Simon joined Octopus Ventures in 2012 and sits within the Deep Tech team, focusing on AI and machine learning, advanced materials, semiconductors and Quantum Computing. He sits on the boards of several portfolio companies including Phoelex, Orbex, Dogtooth Technologies and Elvie and previously sat on the board at WaveOptics (acquired by Snap). He also looks after the origination strategy at Octopus Ventures. Simon’s academic background is in Physics, Chemistry and Materials culminating in a PhD in organic electronics from Imperial College London.

**Jo Oliver, Partner**

Jo joined Octopus Ventures in 2009 and is a Partner in the team. He is on the board of a number of portfolio companies including Amplience, Token.io, Zai and Iovox, and was previously on the boards of Swiftkey acquired by Microsoft, VisionDirect acquired by Essilor, Vega-Chi acquired by Liquidnet, Calastone acquired by The Carlyle Group, CB4 Acquired by

The Gap and Zynstra acquired by NCR. Prior to joining Octopus, Jo was an investor and entrepreneur in a range of businesses, spending much of his previous career as an equity analyst at NatWest, Merrill Lynch and Lehman Brothers, focussing on the Mobile Operators such as Vodafone. Jo is a qualified chartered accountant and read Natural Sciences at Durham University.

**Zihao Xu, Partner**

Zihao focuses on deals within Fintech, Insurtech and distributed ledger technologies. As part of the Fintech team, Zihao is particularly drawn to public ledger blockchain projects that enable permissionless incentive structures to unlock innovation in hitherto closed ecosystems. Prior to joining Octopus in 2016, Zihao was a Senior Consultant at Roland Berger where he led strategic, operational and commercial diligence projects across a range of industries whilst also setting up a direct-to-consumer ecommerce sunglasses brand. Zihao was born in China and holds a BA in Economics and Management from the University of Oxford.

**Kamran Adle, Principal**

Kamran focuses on deal sourcing, assessing investment opportunities and transacting on early stage investments focusing on Health opportunities. Prior to joining the team in 2018, he founded a start-up incubator in Tehran following five years at J.P. Morgan. Kamran holds a degree in Geography from the University of Oxford.

**Nicholas Sando, Principal**

Nick joined Octopus Ventures in 2018 and, as part of the Fintech team, focuses on investments in financial services, insurance, blockchain and credit/lending. Nick has co-founded companies on both sides of the Atlantic. In London, Nick launched Mojo, a SaaS platform for the beauty and wellness industry. Prior to that, Nick started SnagTag, a New York based retail platform which focused on improving the shopper experience through near field communication enabled clothing labels. Nick holds a double major in Finance and Economics from the University of Miami School of Business.

**Samantha Ling, Director of Operations and Fund Formation**

Samantha joined Octopus Ventures in 2008, back when we were still establishing our first funds. She's now the Director of Operations and Fund Formation, and leads our investor relations. This includes managing various stakeholders for the funds we manage, and overseeing a wide range of investment and portfolio processes. She's worked lots with international teams and clients, and has led and implemented global sales and support processes and tech projects at companies like broker PVM Oil and registrar and classification society Det Norske Veritas, and a major charity.

**Laura Willming, Head of Portfolio Talent Team**

Laura joined Octopus in 2019 and heads up the Ventures portfolio team, focusing on supporting the portfolio with all things people and talent. Laura has spent several years working with start-ups in New York City, notably at Harry's where, as the sixteenth employee, she helped challenge the global might of Gillette, building the team to several hundred in the US, London and Germany. Her first visit to Britain was to spend time as an intern with a young company, Brewdog (now a global brand), in the wilds of the Scottish west coast. Before joining Octopus, Laura studied Industrial and Operations Engineering at the University of Michigan, Ann Arbor.

**Tosin Agbabiaka, Principal**

Tosin joined Octopus Ventures' New York team in 2018 and is now based in London. Prior to joining Octopus, he worked as a Special Advisor for Finance and Investment with the US government's Power Africa initiative, where he facilitated investments in energy infrastructure and clean technology in sub-Saharan Africa. He has also worked in technology as a venture capital summer associate and pro-bono strategy consultant on tech projects for nonprofits in Washington, DC, as well as in law and policy as a lawyer and a Fulbright research fellow on EU migration and economic policy.

**Matthew Chandler, Principal**

Matt focuses on the Consumer space working on deal origination, execution and due diligence activity. Prior to joining Octopus Ventures in 2021, Matt was a Commercial Associate at True, a retail and consumer sector specialist investor and innovation consultant. Matt focused on early-stage investments into both consumer tech and Business-to-business software companies, and consulted multi-national retailers on digital strategy. Prior to True, Matt co-founded Mojo, a consumer SaaS platform for the beauty and wellness industry. Matt is a graduate of the University of Nottingham Business School.

**Conor Scanlan, Principal**

Conor sits in the Business-to-Business software team, focusing on deal origination, execution and due diligence activity as well as portfolio company development. Prior to joining Octopus Ventures in 2020, Conor was a Principal at Frog Capital, a European scale-up stage technology investor, where he led UK deal origination and worked with several companies including Azimo, SHE Software and Vulog. He also spent 4 years at Arma Partners, where he advised on several high-profile European technology transactions, including the sales of Momondo, CarTrawler and Metrologic. Conor graduated from the University of York with a degree in Economics.

The Octopus Ventures team is completed by 9 Investment Managers, 13 Associates, 3 Analysts, an Operations, Finance, Marketing and support team of 27, a Talent Team of 6 and complemented by a number of Venture Partners. The talent team are solely focused on partnering and supporting our portfolio company leaders to help them be better, faster.

#### **Management remuneration**

Full details of the Manager's remuneration are set out at paragraph 8.6 of Part Five.

#### **Titan's portfolio**

To help mitigate the risk of investing in early-stage companies, the Company invests across a range of sectors and investment stages to offer diversification across the portfolio. As of the 30 June 2023, the portfolio comprised 140 companies.

##### **Pre-revenue generation (<£1m revenue)**

- 21% by value
- 47% by number of companies

##### **Early revenue generation (£1-10m revenue)**

- 36% by value
- 38% by number of companies

##### **Growth stage (>£10m revenue)**

- 43% by value
- 15% by number of companies

#### **Example investments**

##### **Vitesse**

First investment: 2020

Investment Theme: Fintech

Initial investment stage: Series A

Founders: Paul Townsend, Phil McGriskin

In the world of cross-border payments, Vitesse's Fintech investment team saw how ineffective and outdated the global settlement process remains. Despite an abundance of innovation in this area, there are still large pockets of inefficiencies across multiple parties - making it a slow process. Vitesse provides a single connection to a global network of domestic clearing systems, and multiple payment methods, meaning payments are delivered as quickly as possible, when they are needed most. The business is focused on the insurance market where over USD 4 trillion in claims are paid out annually and needs claims payment transformation.

Vitesse was founded back in 2014 by payment veterans Paul Townsend and Phil McGriskin. The pair originally co-founded payments company Envoy, which was acquired by WorldPay, where both Paul and Phil joined in c-suite positions. Their latest venture, Vitesse, is a multi award-winning business, having processed £9.5 billion in settled payments and become the trusted treasury and payments provider across the global insurance market. Putting the claimant at the heart of the claims journey is fundamental to Vitesse so they are always focusing on expanding payment routes and building innovative alternative payment methods, empowering claimants to choose how they get paid, at a time when they are most in need. Recently Vitesse won a strategic deal with Lloyd's of London in 2022 to reshape how claims funds are managed and paid – reducing funding and payment to be completed in as fast as 45 seconds - and are working with many of the world's largest carriers, brokers and other service providers.

##### **Minimum**

First investment: 2020

Investment Theme: Climate

Initial investment stage: Series A

Founders: Chris Winchurch, Freddie Evans & Freddie Green



The UK government has committed to decarbonising all sectors of the UK economy to meet our net zero target by 2050. Carbon reduction and removal is something we as a society need to address urgently, and businesses have a huge role to play in that. Sustainability is now a major focus for companies, also because it's really important amongst consumers. Minimum is a carbon accounting system that allows businesses to simply and effectively calculate, report on and reduce their carbon footprint.

We like Minimum so much, that we use their platform to measure our own carbon footprint, as well as that of our investee companies. Minimum provides the data to facilitate sustainable thinking and decision-making, making effective climate action accessible for businesses so there's really no reason not to embrace it.

### **Ori Biotech**

First investment: 2020

Investment Theme: Bio

Initial investment stage: Series A

Founder: Farlan Veraitch

Modern medicine depends on small-molecule drugs and biologics, but Cell and Gene therapies (CGT) are living medicines that are poised to transform how we treat cancer and rare diseases. By re-programming living cells (often the patient's own or even a donor's), CGTs have the potential to create a one-shot cure for some of the world's most severe diseases. But manufacturing CGTs is a challenge, which is where founder Ori Biotech comes in. Founded by Professor Farlan Veraitch in 2015, Ori is pioneering a new manufacturing platform, designed to take the considerable cost out of CGT manufacture – and usher in a new age of medical care.

Today we have cures for cancer and rare disease that patients can't get access to because they are too expensive and hard to make. Currently, CGT account for some of the world's most expensive treatments, with a single treatment costing anywhere from £400K up to £4m per patient. Pioneering therapeutics need to be within reach for everyone, not just the lucky few, which is why we were so excited to meet Ori Biotech. Their proprietary platform leverages automation to unlock new possibilities in the development and manufacture of these future-shaping treatments.

### **Pelago (formerly Quit Genius)**

First investment: 2020

Investment Theme: Health

Initial investment stage: Series A

Founders: Maroof Ahmed, Sarim Siddiqui, Yusuf Sherwani

Pelago partners with employers, health plans, pharmacy benefit managers and individuals to help conquer substance addictions through behavioural therapy treatments and approved medications. Substance abuse has been a consistent and growing problem for decades - addiction is estimated to impact nearly 21 million Americans, where only 10% receive treatment<sup>1</sup>. It's a similar story throughout the world, far too many people are dying from addictions that are treatable.

Research shows that a personalised approach is far more effective at changing behaviours and saving lives. Created by a diverse team of doctors, technologists and designers, Pelago is the world's first digital clinic delivering comprehensive Medication-Assisted Treatment (MAT) for multiple addictions, 100% virtually, with coaches providing emotional support and education. Pelago's method demonstrates a five times greater likelihood of users quitting over the course of a year compared with other programs. We're enormously excited about the potential of a personalised digital approach to such an important global health issue, and to continue striving to become the number one health investor in Europe.

### **Unlikely AI**

First investment: 2022

Investment Theme: Deep tech

Initial investment stage: Seed

Founders: William Tunstall-Pedoe

The potential for artificial intelligence (AI) has been widely discussed over the last year. Taking a contrarian approach, is London-based deep tech company, Unlikely AI. Aiming to make AI more accurate, trustworthy, explainable and safe, they're pioneering transformative technology to solve the most pressing issues in society.

Explainable and effective general AI has enormous potential, and we like to stay close to serial founders with a track record of success. The founder of Unlikely AI is deep tech entrepreneur, William Tunstall-Pedoe. He also founded Evi Technologies (formerly known as True Knowledge) whose software formed the basis of the Amazon Alexa and Echo devices.

*“Evi Technologies was one of the first investments Octopus Ventures made from our Titan fund and it gave us the opportunity to see how unique William’s knowledge and pedigree in AI are. A decade on from Evi’s success, we couldn’t be happier to be working with him again as he and his team build on another world-changing idea.”*

-Simon King, Partner at Octopus Ventures

## **Velaris**

First investment: 2022

Investment Theme: B2B software

Initial investment stage: Seed

Founders: Dilanka Kalutota, Jose Fernandez-Castano

Many companies talk about being customer centric. But to achieve true customer-centricity, and it not just be an unhelpful mantra, organisations must know their customer inside out in order to put them at the heart of every decision. How do you do that? Velaris is a customer-success platform, providing customer data, tools and insights to power productivity, increase retention and grow your business.

Velaris have already built a successful product in a short space of time. Now with our investment, they’ll be the first AI-driven customer success platform. This development will alter the customer success space, a global market that’s expected to grow at a compound annual growth rate (CAGR) of 26% until 2030.

## **Skin+Me**

First investment: 2019

Investment Theme: Health

Initial investment stage: Seed

Founders: Horatio Cary, James Mishreki, Mike Passey, Philip Wilkison and Rachel Jones

Pioneering a skincare revolution, Skin+Me combine medical expertise and technology to offer personalised treatment plans on a subscription basis. Through an online consultation, customers are prescribed a bespoke treatment plan and presented with a fully customised skincare routine, without requiring a trip to the dermatologist. The high-quality products are developed by industry experts and tailored to address the specific needs of the consumer, whether that be acne, ageing, melasma, rosacea or hyperpigmentation.

The global personalised skincare market was valued at \$18.6 billion in 2022 and is expected to hit \$43.4 billion in 2030<sup>1</sup>. The momentum behind this growth is largely driven by consumers dismissing the one-size-fits-all approach. There is also an increased awareness of sustainability among consumers, whereby Skin+Me strive to challenge industry standards. By using recyclable packaging and offering personalised solutions that are made-to-order, it means not a drop goes to waste.

<sup>1</sup> GlobeNewswire: Personalised Skincare Market Worth USD 43.43 Billion to 2031 | Know in Detail with Latest InsightAce Survey Report May 2023.

## **Backing Britain’s businesses**

Octopus Ventures looks for companies with talented entrepreneurs and management teams, world-changing ideas and enormous market opportunities.

Octopus Ventures looks for businesses that they believe could make a return of ten times the initial investment, including those with the potential to be worth billions of pounds in the future. Here are some examples of businesses that Octopus Ventures believes have the potential for strong growth over the coming years:

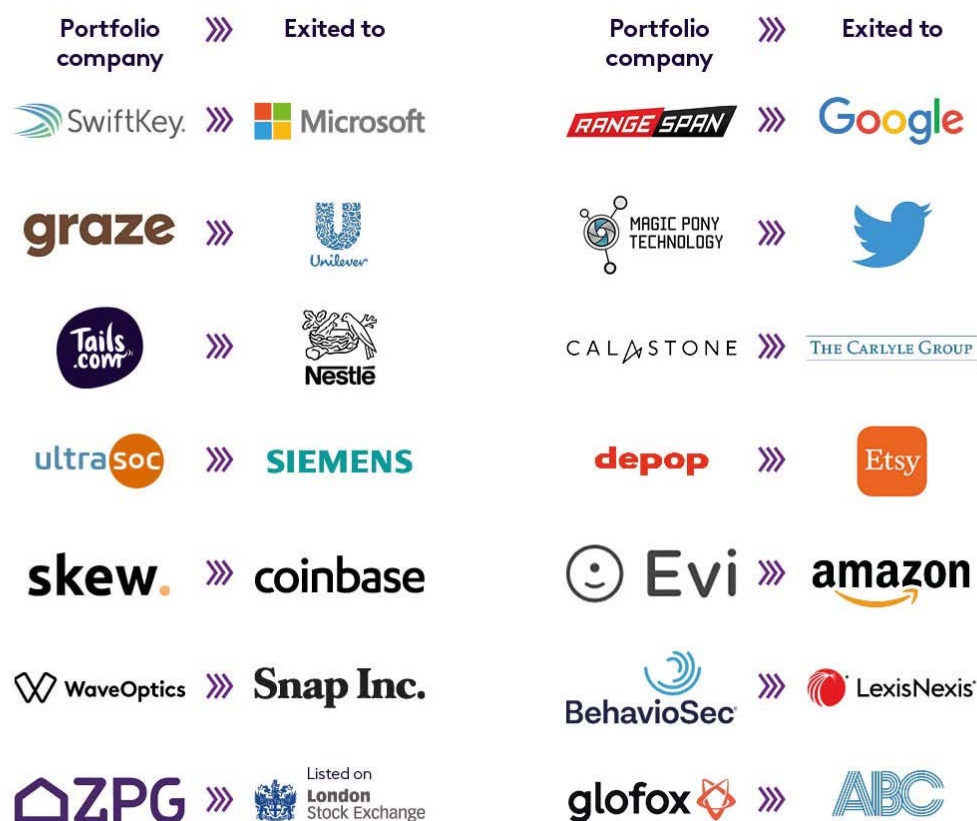
**ManyPets** was founded in 2012 to provide a transparent and digital-first insurance experience, and in 2017 it launched its own dog and cat insurance policies.

**Pelago** (formerly Quit Genius) partners with employers, health plans, pharmacy benefit managers and individuals to help conquer substance addictions through behavioural therapy treatments and approved medications.

**Note:** Any company examples are for illustrative purposes only. They should not be considered as an investment recommendation. Titan invests in smaller unlisted companies, and puts an investor's capital at risk. The value of an investment, and any income from it, can fall as well as rise and an investor may not get back the full amount invested.

## Exit history

As well as backing the right businesses, it is essential that the Octopus Ventures team are able to sell the stakes Titan has built when the time comes, so that Titan can realise returns to Shareholders. Here are some examples of successful exits from the Company's portfolio.



This is not an exhaustive history of exits. Investing in small, VCT qualifying companies is high risk and many will go on to fail. Company examples are for illustrative purposes only. They should not be considered as investment recommendations or indicative of future performance.

## Finding an Exit



Depop is a fashion resale app – a social marketplace where people buy, sell and discover unique fashion. Since its launch in 2011, Depop has seen enormous growth globally and reached over 30 million users in 2021.

Octopus Ventures first met Depop in 2016 and backed the business in 2018, 2019 and 2020. They helped the company expand their engineering and data science teams, as well as investing in new technology.

Through its US office, the Octopus Ventures team also supported Depop in its entry into the US market, as well as supporting Maria Raga, Depop's CEO, in growing the management team.

After working closely with the company for four years, the team helped secure an exit worth \$1.6 billion to e-commerce giant Etsy in 2021.



Behaviosec is a provider of behavioural biometrics and continuous authentication, verifying and protecting human digital identities by understanding how we uniquely type and swipe across devices.

Octopus Ventures first backed Behaviosec in 2014, and participated in three further rounds of investment between 2016 and 2020, to expand its presence in existing sectors and further develop its tokenless security solutions to new markets.

The team also worked directly with the CEO of Behaviosec on driving the growth mindset within their business, through mentoring by an Octopus CEO coach but also running Octopus Ventures growth optimisation workshops. LexisNexis, a leader in providing essential information to manage risk, acquired Behaviosec in 2022 to offer more defence layers and further establish identity trust for customers without additional friction.



WaveOptics designs and manufactures augmented reality displays, the transparent displays in augmented reality (AR) devices that overlay the real world with computer generated images.

The Octopus Ventures team first met WaveOptics in 2013; they then invested in Series A and led Series B and C rounds. They supported the CEO Sumanta Talukdar in their hire of David Hayes, a respected veteran of the industry, who had been at the forefront of AR for the last decade. Under David's leadership, they transformed the business from focusing solely on research and development to growing a highly commercial product strategy.

When the time came, the exit to Snap (owner of SnapChat) in 2021 was the biggest deep-tech acquisition since Google bought DeepMind in 2014.



Calastone connects many of the world's leading financial organisations. Its infrastructure uses blockchain technology to reduce costs and risks for its customers.

Octopus first invested in Calastone at seed stage in 2008, when the company had 11 employees, six customers and less than £500,000 in revenue.

Throughout its investment period, Octopus Ventures assumed a board seat and provided support to help grow a world class management team as well as significant follow-on funding. At the time we exited, Calastone had more than 1,400 customers in 34 countries and estimated revenues of nearly £50 million.

After 12 years of partnership, the team supported Calastone in securing its exit to private equity firm The Carlyle Group in 2021.

## PART TWO: TAX BENEFITS AND CONSIDERATIONS FOR INVESTORS

### General

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

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

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

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

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

### Tax Position of Investors under the Offer

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

### Tax Benefits for VCT investors

#### 1. Income Tax

##### 1.1 Initial Income Tax Relief

An investor can acquire New Shares of up to a maximum of £200,000 under the Offer in each tax year that the Offer is open. The relief is subject to an amount which reduces the investor's income tax liability for the tax year to nil. Each application creates an entitlement to income tax relief of 30% of the amount invested. To retain that relief the New Shares have to be held for 5 years.

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

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

Tax relief on subscriptions for shares in a VCT is restricted where an investor had disposed of shares in that VCT (or in a VCT which has merged, or is known to be intending to merge, with the VCT) within 6 months (before or after) that subscription. Existing Shareholders should be aware that the sale of existing Shares within these periods could, therefore, put their income tax relief relating to the Offer at risk.

##### 1.2 Dividend relief

Dividends paid on ordinary shares in a VCT are free of income tax. VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. Dividends paid from realised profits may be made without loss of VCT status. It is important to note that there may be a cost to re-issue a dividend payment and so it is important for investors to keep their address and bank details up to date.

### **1.3 Withdrawal of relief**

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period. Dividend relief is not available for dividends paid in an accounting period during which the VCT loses its approval.

## **2. Capital Gains Tax**

### **2.1 Relief from capital gains tax on the disposal of VCT shares**

Disposing of a VCT share at a profit does not create a chargeable gain for the purposes of UK Capital Gains Tax. Similarly, disposing at a loss does not create an allowable loss for UK Capital Gains Tax.

### **3. Withdrawal of approval**

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval as a VCT, approval may be withdrawn or treated as never having been given. In these circumstances, reliefs from income tax on the initial investment are repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares.

In addition, relief ceases to be available on any dividend paid in respect of profits or gains in an accounting period during or after which VCT status has been lost. Any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt but gains thereafter will be taxable.

## **4. Other tax considerations**

### **4.1 Obtaining initial tax reliefs**

The Company will provide each investor with a tax certificate which the investor may use to claim income tax relief. To do this, an investor must either obtain a tax coding adjustment from HMRC under the PAYE system, or wait until the end of the tax year and use their self-assessment tax return to claim relief. It is important to note that there may be a cost to replace tax and share certificates.

### **4.2 Shareholders not resident in the UK**

Shareholders not resident in the UK should seek their own professional advice as to the consequences of making and holding an investment in the Company, as they may be subject to tax in other jurisdictions as well as in the UK.

## **5. Tax Position of the Company**

A VCT has to satisfy a number of tests to qualify as a venture capital trust. A summary of these tests is set out below.

### **5.1 Qualification as a VCT**

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

- (i) the VCT's income must have been derived wholly or mainly from shares and securities (in the case of securities issued by a company, meaning loans with a five-year or greater maturity period);
- (ii) no holding in a company (other than a VCT or a company which would, if its shares were listed, qualify as a VCT) by the VCT may represent more than 15%, by value, of the VCT's total investments at the time of investment;
- (iii) the VCT must not have retained more than 15% of the income derived from shares or securities in any accounting period;
- (iv) the VCT must not be a close company. Its ordinary share capital must be listed on the main list of the London Stock Exchange or a regulated European market by no later than the beginning of the accounting period following that in which the application for approval is made;
- (v) at least 80%, by value, of its investments is represented by shares or securities comprising Qualifying Investments. Funds raised by a further share issue are disregarded in judging whether this condition has been met for accounting periods ending no later than three years after the new issue;
- (vi) at least 30% of the funds raised must be invested in qualifying holdings by the anniversary of the end of the accounting period in which those shares were issued;
- (vii) for funds included in the requirement at (v) above, have at least 70%, by value, of the VCT's Qualifying Investments in "eligible shares", that is shares which carry no preferential rights to assets on a winding up and no rights to be redeemed although they may have certain preferential rights to dividends so long as those rights are non cumulative and are not subject to discretion (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement);
- (viii) the VCT must not make an investment in a company which causes that company to receive more than £5 million of Risk Finance State Aid investment in the 12 months ending on the date of the investment (£10 million for a Knowledge Intensive Company);

- (ix) the VCT must not return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs;
- (x) no investment can be made by the VCT into a company which causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of Risk Finance State Aid investment (including from VCTs) over the company's lifetime. A subsequent acquisition by the company of another company that has previously received Risk Finance State Aid can cause the lifetime limit to be exceeded;
- (xi) no investment can be made by the Company in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous Risk Finance State Aid was received by the company within 7 years (10 years for a Knowledge Intensive Company) or where the company is entering a new product market or new geographic market and a turnover test is satisfied;
- (xii) no funds received from an investment into a company can be used to acquire shares in another company nor another existing business or trade; and
- (xiii) the VCT must not make a non-Qualifying Investment other than those specified in section 274 ITA 2007.

"Qualifying investments" comprise shares or securities (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) issued by unquoted trading companies, which meet a financial health requirement and which exist wholly or mainly for the purpose of carrying on one or more qualifying trades. The trade must be carried on by, or be intended to be carried on by, the investee company or a qualifying subsidiary at the time of the issue of the shares or securities to the VCT (and by such company or by any other subsidiary in which the investee company has not less than a 90% interest at all times thereafter). A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter. The definition of a qualifying trade excludes dealing in property, shares, securities, commodities or futures. It also excludes banking, insurance, receiving royalties or licence fees in certain circumstances, leasing, the provision of legal and accounting services, farming and market gardening, forestry and timber production, property development, shipbuilding, coal and steel production, operating or managing hotels or guest houses, generation of electricity, power or heat, production of fuel, nursing and residential care homes. The funds raised by the investment must be used for the purposes of the qualifying trade within certain time limits.

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

Companies whose shares are traded on AIM are treated as unquoted companies for the purposes of calculating qualifying investments. Shares in an unquoted company which subsequently becomes listed may still be regarded as a qualifying investment for a further five years following listing, provided all other conditions are met.

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

## **5.2 Taxation of a VCT**

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



### PART THREE: FINANCIAL INFORMATION ON THE COMPANY

Audited financial information on the Company is published in the report for the year ended 31 December 2022 and unaudited information in the interim reports for the six month periods ended 30 June 2022 and 30 June 2023.

The audited report for the year ended 31 December 2022 referred to above was audited by BDO LLP, 55 Baker Street, London, W1U 7EU without qualification and contained no statements under section 498(2) or (3) of the CA 2006 and this audited report and the unaudited interim reports referred to above were prepared in accordance with Financial Reporting Standard 102 and Financial Reporting Standard 104 Interim Financial Reporting. The audited report for the year ended 31 December 2022 contains a description of the Company's financial condition, changes in financial condition and results of operation and the pages of this audited report and the unaudited interim reports that are referred to below are being incorporated by reference and can be accessed at the following website:

<https://www.octopusinvestments.com/titan/>

Those pages of the audited report and the unaudited interim reports that are not referred to below, are not relevant to investors or are covered elsewhere in the Prospectus.

Such information includes the following:

	31 December 2022	30 June 2022	30 June 2023
Description	<u>Annual Report (audited)</u>	<u>Half Year Report (unaudited)</u>	<u>Half Year Report (unaudited)</u>
Balance Sheet	Page 87	Page 17	Page 19
Income Statement (or equivalent)	Page 86	Page 16	Page 18
Statement showing all changes in equity (or equivalent note)	Pages 88-89	Pages 18-20	Pages 20-22
Cash Flow Statement	Page 90	Page 21	Page 23
Accounting Policies and Notes	Pages 91-105	Pages 22-23	Pages 24-25
Auditor's Report	Pages 79-85	n/a	n/a

Such information also includes operating/financial reviews as follows:

	31 December 2022	30 June 2022	30 June 2023
Description	<u>Annual Report (audited)</u>	<u>Half Year Report (unaudited)</u>	<u>Half Year Report (unaudited)</u>
Financial Highlights	Page 2	Page 2	Page 2
Results and Dividends	Page 2	Page 2	Page 2
Investment Policy	Page 55	n/a	n/a
Outlook	Page 5	Page 5	Page 4
Portfolio Manager's Review	Pages 23-38	Pages 8-14	Pages 8-15

Portfolio Summary	Pages 23-38, 106-110	Pages 8-14	Pages 8-15
Business Review	Pages 55-56	n/a	n/a
Valuation Policy	Pages 96-98	n/a	n/a

As at 30 June 2023, the date of the latest unaudited NAV per Share, the unaudited NAV per Share was 68.2p.

## PART FOUR: INVESTMENT PORTFOLIO AND PRINCIPAL INVESTMENTS OF THE COMPANY

The investment portfolio of the Group as at the date of this document, representing more than 77.7% of the NAV of the Company, is as follows (the valuations being the unaudited valuations as at 30 June 2023):

### Investments held by the Company

Company	Sector	Investment Cost <sup>1</sup> as at 30 June '23 (£'000)	Unrealised Profit / Loss (£'000)	Value as at 30 June '23 (£'000)	Valuation as a % of Net Asset Value
Many Group Limited (trading as Many Pets)	FinTech	9,978	87,859	97,837	9.3%
Mr & Mrs Oliver Ltd (trading as Skin+Me)	Health	11,500	31,790	43,290	4.1%
Amplience Limited	B2B Software	13,634	24,699	38,333	3.6%
Permutive Inc.	B2B Software	18,994	17,794	36,788	3.5%
Orbital Express Launch Limited (trading as Orbex)	Deep Tech	10,298	14,876	25,174	2.4%
Digital Therapeutics (trading as Pelago)	Health	15,899	8,651	24,550	2.3%
Token.IO Ltd	FinTech	12,608	5,888	18,496	1.8%
Vitesse PSP Ltd	FinTech	10,124	8,016	18,140	1.7%
vHive Tech Ltd	Deep Tech	8,020	9,541	17,561	1.7%
Iovox Limited	B2B Software	7,206	9,426	16,632	1.6%
Sofar Sounds Limited	Consumer	11,496	4,588	16,084	1.5%
The Justice Platform Inc. (trading as Legl)	B2B Software	7,325	8,483	15,808	1.5%
Elliptic Enterprises Limited	FinTech	7,724	7,972	15,696	1.5%
XYZ Reality Limited	Consumer	15,299	192	15,491	1.5%
Big Health Limited	Health	12,855	2,211	15,066	1.4%
Ometria Limited	B2B Software	11,510	1,153	12,663	1.2%
Chiaro Technology Limited (trading as Elvie)	Health	6,417	4,737	11,154	1.1%
Uniplaces Limited	Consumer	9,491	1,139	10,630	1.0%
Automata Technologies Limited	Health	10,479	-13	10,466	1.0%
Ori Biotech Limited	Biotech	9,102	1,349	10,451	1.0%
Other <sup>2</sup>		472,058	-122,482	349,576	33.1%
<b>Total Portfolio Investments</b>		<b>692,017</b>	<b>127,869</b>	<b>819,886</b>	<b>77.7%</b>
Money Market Funds <sup>3</sup>				127,037	
Corporate Bond Portfolio				105,196	
Cash				228	
<b>Total Investments</b>				<b>1,052,347</b>	
Other Net Assets				3,336	
<b>Total Net Assets</b>				<b>1,055,683</b>	
Cash & Cash Equivalent				127,265	
inc Corporate Bond				232,461	

<sup>1</sup> Investment cost reflects the amount invested into each investee company from the Titan VCTs before the Merger and from the Company after the Merger. This is different to the book cost which includes the holding gains and losses on assets which transferred from Titan 1, Titan 3, Titan 4 and Titan 5 to the Company during the Merger, as the Company purchased these assets at fair value.

<sup>2</sup> Other includes: Aire Labs Limited, Allplants Limited, AllTaster Limited (trading as Taster), Altitude Angel Ltd, Anansi Technology Limited, Anikin Ltd, Antidote Technologies Ltd, Apheris, Appear Here Limited, Artesian Solutions Limited, AudioTelligence Limited, Avione Saving & Investment Ltd, Biofidelity Ltd, Bkwai Ltd, Bloom App Limited, Bondaval Limited, Caprera Ltd (trading as Collectiv Food), Cazoo Limited, Codaship, Colonia, CoMind Technologies Limited, Contingent & Future Technologies Ltd, Correcto, CRED Investment Holdings Limited, CurrencyFair Limited, Dead Happy Limited, Dogtooth Technologies Limited, Ecrebo Limited, Elo Health Inc, Excession Technologies Limited, Flock Limited, Foodsteps Ltd, Haiper Limited, Hapi Plan Technologies Ltd, HelloSelf Limited, HURR, I.F. Technology Ltd, (trading as Integrated Finance), Ibex Medical Analytics, Imophoron Limited, Impatients N.V. (trading as MyTomorrows), Infinitopes, Inflow Holdings Inc, Inrupt Inc., Intrepid Owls Limited (trading as Rest-Less), Intrinsic, Intropic Limited, Invierno AB t/a Vinter, iSize Limited, Kita Earth, Lapse Ltd, Lifescore Music Limited, Little Journey Limited, Living Optics, M10, Manantial Ltd t/a Velaris, Medisafe Project Limited, Memrise Inc, Merge Holdings Ltd, Messier 31 Inc (trading as Pngme), Metrasens Limited, Michelson Diagnostics Limited, Mindset Technologies Limited, Minimum Corporation, Minoro Limited (trading as Kleene.ai), Mojo Men Ltd, Mosaic Smart Data Limited, Multiply AI Limited, Nanosyrinx Ltd, Neat, Olio Exchange Limited, ONIN Limited, Orca Computing Limited, Origami Energy Limited, Oto Health Inc, Ourotech Limited, Overture Life Inc, Papercup Technologies Limited, Partly, Arena Online Limited, Perci Health, Perk Finance t/a Cobee, Phlux Technology Ltd, Phoelex Ltd, Picsoneye Segmentation Innovation Limited (trading as Pixoneye), Pivotal Future Ltd, Positron Technologies Limited, Purafinity Ltd, Quantum Motion Technologies Limited, Raylo Group Limited, Ribbon Technologies Ltd, Seatfrog UK Holdings Limited, Secfix, Secret Escapes Limited, Segura Systems Limited, Sidekick Money Ltd, Slamcore Limited, Smartkem Limited, Smiler BV, Sprout.ai Limited, Stackin Inc, Streetbees.com Limited, Surrey NanoSystems Limited, Tatum Blockchain Services s.r.o., The Faction Collective SA, The Plum Guide, ThoughtRiver Limited, Total Food Control Ltd (trading as Lollipop), Touchlab Limited, Trafi Limited, Troglo Ltd (trading as LVNDR), Tympa Health, TYTN, Ufonia Limited, Uniq Health Limited, Unlikely AI, Unmade Ltd, Vira Health Limited, Vyperc Limited, Walking on Earth, Zenith Holding Company Limited.

<sup>3</sup> Money market funds comprise the BlackRock Institutional Cash Series and Insight GBP Liquidity Fund.

Save in respect of Smartkem Limited and Cazoo Limited, none of the Company's portfolio companies are admitted to trading on a regulated market.

Since 30 June 2023 there have been no disposals, 4 new investments and 5 follow-on investments, the investment cost of which totalled £5.5 million and £11.5 million respectively.

Save in respect of the disposals and acquisitions mentioned above, since 30 June 2023 there has been no significant change in the value of the Company's portfolio.

#### **Investments held by Zenith Holding Company Limited, a wholly owned subsidiary of the Company**

Zenith has a holding in Octopus Zenith LP, an Octopus managed fund, which holds a stake in Secret Escapes, which was formerly held by the Company, Titan 1 and Titan 3.

Secret Escapes is an on-line travel club where members may purchase luxury holidays at significant discounts. Secret Escapes has offices in London, Sweden, Spain, Poland, Germany, Singapore and the US.

Octopus Zenith LP also previously held stakes in ZPG plc (formerly Zoopla Property Group); Nature Delivered (Graze); and Calastone. The fund realised these investments in 2017, 2019, and 2020 respectively.

## PART FIVE: ADDITIONAL INFORMATION ON THE COMPANY

### 1. INCORPORATION

- 1.1 The Company was incorporated and registered in England and Wales on 12 October 2007 under the CA 1985 with registered number 06397765 as a public company limited by shares and with the name Octopus Titan VCT 2 plc (LEI: 213800A67IKGG6PVYW75). On 27 November 2014 the Company changed its name to its present name. The Company is domiciled in England.
- 1.2 On 22 October 2007, the Registrar of Companies issued the Company with a certificate under Section 117 of the CA 1985 entitling it to commence business.
- 1.3 On 17 October 2007 the Company gave notice pursuant to Section 266(1) of the CA 1985 of its intention to trade as an investment company and on 20 January 2010 it gave notice pursuant to Section 833(4) of the CA 2006 that it no longer wished to be an investment company.
- 1.4 Octopus AIF was incorporated and registered in England and Wales on 4 December 2013 under the CA 2006 with registered number 08802172 as a private company limited by shares. The address of Octopus AIF's registered office is at 6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT and its telephone number is 0800 316 2295. The principal legislation under which Octopus AIF operates is the Acts and regulations made thereunder. Octopus AIF is authorised and regulated by the Financial Conduct Authority. Octopus AIF is the Company's investment manager.
- 1.5 Octopus was incorporated and registered in England and Wales on 8 March 2000 under the CA 1985 with registered number 03942880 as a private company limited by shares. The address of Octopus' registered office is 6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT and its telephone number is 0800 316 2295. The principal legislation under which Octopus operates is the Acts and regulations made thereunder. Octopus is authorised and regulated by the Financial Conduct Authority. Octopus provides portfolio management services to the Company.

### 2. REGISTERED OFFICE AND PRINCIPAL LEGISLATION

- 2.1 The registered office of the Company is at 6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT, its telephone number is 0800 316 2295 and its website address is: octopusinvestments.com. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.
- 2.2 The principal legislation under which the Company operates and which governs its shares is the Acts and regulations made thereunder.

### 3 SHARE AND LOAN CAPITAL

- 3.1 By ordinary and special resolutions passed by the Company on 14 June 2023, the Company authorised the Directors in accordance with Section 551 CA 2006 to allot up to a maximum of 389,211,753 Shares (representing approximately 25% of the Shares in issue as at 21 April 2023) and disapplied the pre-emption provisions of Section 561 of the CA 2006 in respect of any such allotment, for a period expiring 15 months thereafter (unless previously revoked, varied or extended by the Company in general meeting).
- 3.2 At the date of this document, the issued fully paid share capital of the Company is:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>Number</i>
Ordinary Shares	0.1p	1,536,298	1,536,297,995

- 3.3 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming the Offer is fully subscribed, including the over-allotment facility, with 277,008,310 New Shares being issued at an Offer Price of 72.2p) will be as follows:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>Number</i>
Ordinary Shares	0.1p	1,813,306	1,813,306,305

- 3.4 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming the Offer is fully subscribed, including the over-allotment facility, with 346,020,761 New Shares being issued at an Offer Price of 57.8p) will be as follows:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued (fully paid)</i>	
		<i>£</i>	<i>Number</i>
Ordinary Shares	0.1p	1,882,319	1,882,318,756

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

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

- 3.7 The ISIN and SEDOL Codes of the Shares are GB00B28V9347 and B28V934 respectively.

#### **4 DIRECTORS' INTERESTS**

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

Director	No. of Shares	% of Issued Share Capital
Jane O'Riordan	134,233	Less than 0.1%
Tom Leader	34,128	Less than 0.1%
Gaenor Bagley	15,393	Less than 0.1%
Lord Rockley	44,645	Less than 0.1%
Julie Nahid Rahman	0	0%

Julie Nahid Rahman became a Director on 1 August 2023, following the close of the 2022 Offer.

- 4.2 Assuming that the Offer is fully subscribed, including the over-allotment facility, with 277,008,310 New Shares being issued at an Offer Price of 72.2p, the interests of the Directors and their immediate families in the issued share capital of the Company immediately following the Offer will be:

Director	No. of Shares	% of Issued Share Capital
Jane O'Riordan	148,083	Less than 0.1%
Tom Leader	44,515	Less than 0.1%

Gaenor Bagley	22,318	Less than 0.1%
Lord Rockley	72,345	Less than 0.1%
Julie Nahid Rahman	4,155	Less than 0.1%

- 4.3 The Company is not aware of any person who holds or who, assuming that the Offer is fully subscribed, including the over-allotment facility, with 277,008,310 New Shares being issued at an Offer Price of 72.2p, will, immediately following Admission of the New Shares, hold (for the purposes of rule 5 of the Disclosure Guidance and Transparency Rules ("DGTR 5")), directly or indirectly, voting rights representing 3% or more of the issued share capital of the Company to which voting rights are attached or who could, directly or indirectly, jointly or severally, exercise control over the Company.
- 4.4 The persons, including the Directors, referred to in paragraph 4.1 above do not have voting rights in respect of the Shares (issued or to be issued) which differ from any other Shareholder.
- 4.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 4.6 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 4.7 In addition to their directorships of the Company, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

Name	Position	Name of company/partnership	Positions still held
Jane O'Riordan	Director	Nando's Limited	N
	Director	The London Larder Company Limited	Y
	Director	Yellowwoods Associates UK Limited	N
	Director	Capricorn Advisors Ltd (in voluntary liquidation)	N
	Director	Klein Moerbeij Estate (Pty) Limited	Y
	Director	Dynamo Restaurants Limited	Y
	Limited Partner	Wickstowe Management LLP (dissolved)	N
	Limited Partner	Capricorn Marketing LLP (dissolved)	N
	Director	The Soho Shooting Company Limited	Y
	Director	Flight Club Darts Limited	Y
	Director	Turtle Bay Hospitality Limited	Y
	Director	Caravan Coffee Roasters Limited	Y
	Director	Caravan Restaurants Limited	Y
	Director	Navarac Ltd	Y
	Director	Parsonage Farm Property Company Ltd	Y

	Director	Parsonage Farming Company Limited	Y
Tom Leader	Director	Penox Group GmbH	Y
	Director	Caledonia Thames Holdings (Jersey) Limited	Y
	Director	Bloom Engineering Holdings Inc	N
	Director	7IM Holdings Limited	Y
	Director	Choice Care Group Holdings Limited	N
	Director	Chaplin Topco Limited	N
	Director	Caledonia Sterling Limited (dissolved)	N
	Director	Brookshire Trading Limited (dissolved)	N
	Director	UK Boxer Midco Limited (dissolved)	N
	Director	Wescon Plastics LLC	N
	Director	MC Electronics LLC	N
	Director	Shell Topco LP	N
	Director	Bloom Engineering Holdings Limited (dissolved)	N
	Director	Caledonia TLG Limited	N
	Director	Stonehage Fleming Family & Partners Limited	Y
	Director	Metal Oxides SA (liquidated)	N
	Director	Caledonia Thames Group (Jersey) Limited	Y
	Director	Caledonia Thames Acquisitions (Jersey) Limited	Y
Gaenor Bagley	Director	The Kemnal Academies Trust	Y
	Director	Zopa Bank Limited	Y
	Director	Zopa Group Limited	Y
	Director	National Audit Office	Y
	Trustee	University of Cambridge	Y
	Director	Royal Surrey NHS Foundation Trust	N
Lord Rockley	Director	The Salters' Management Company Limited	Y
	Member	Lytchett Heath Polo LLP	Y



	Director	Breast Cancer Haven (in voluntary liquidation)	Y
	Director	Worcestershire Breast Unit Haven	Y
	Director	The Clocktower Foundation	Y
	Director	Tarnbrook Court (Management) Limited	Y
	Director	Tarnbrook Court Freehold Limited	Y
	Trustee	The Cecil Bell House Trust	Y
	Trustee	The Rockley Charitable Trust	Y
	Trustee	St Aldhelm's Chapel Trust	Y
	Trustee	The Cecil Charity	Y
Julie Nahid Rahman	-	-	-

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

4.8 Save as set out below, none of the Directors has at any time within the last five years:

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

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

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

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

UK Boxer Midco Limited was placed in voluntary (solvent) liquidation prior to being dissolved.

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

4.10 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.

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

## **5 DIRECTORS' LETTERS OF APPOINTMENT**

Jane O'Riordan was appointed as a Director on 27 November 2014, Tom Leader was appointed as a Director on 8 August 2018, Lord Rockley was appointed as a Director on 8 April 2021, Gaenor Bagley was appointed as a Director on 7 June 2021 and Julie Nahid Rahman was appointed as a Director on 1 August 2023, in each case subject to an appointment letter of the same date. The Directors' appointments are terminable on three months' notice and no arrangements have been entered into by the Company entitling the Directors to compensation for loss of office nor have amounts been set aside to provide pension, retirement or similar benefits. Tom Leader, as chairman of the Company, is entitled to annual remuneration of £45,000.00. Lord Rockley, as Audit Committee Chairman, is entitled to £40,000.00, while the annual remuneration receivable by the other Directors is £37,000.00 each. None of the Directors has a service contract with the Company and no such contract is proposed. In respect of the year ended 31 December 2022, Tom Leader received £42,333.33, Lord Rockley received £38,149.99, Jane O'Riordan received £36,250.00 and Gaenor Bagley received £36,250.00. John Hustler, who resigned as a director and chairman on 14 June 2022, received £15,897.44. Matt Cooper, who retired as a director on 14 June 2023, received £36,250.00, which was paid by Octopus. Julie Nahid Rahman, who was appointed as a Director on 1 August 2023, did not receive any remuneration in respect of the year ended 31 December 2022.

## **6 THE COMPANY AND ITS SUBSIDIARY**

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

## **7 OFFER AGREEMENT**

An agreement dated 19 October 2023, between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) pursuant to which Howard Kennedy agreed to act as sponsor to the Company in respect of the Offer and Octopus agreed to use reasonable endeavours to procure subscribers for New Shares. Under the agreement, Octopus is paid an initial fee of up to 5.5% of the funds received under the Offer and an ongoing fee of 0.5% per annum of the latest NAV of the investment amounts received from investors under the Offer who have invested directly into the Company and not through a financial intermediary for up to seven years, and has agreed to discharge all external costs of advice and their own costs and the Company's costs in respect of the Offer. Assuming a full subscription of £200 million under the Offer, including the over-allotment facility, an initial fee of 5.5% will equal £11 million, which represents 1.04 per cent of the Company's net assets as shown in its unaudited financial statements for the 6 months ended 30 June 2023. Under this agreement, certain warranties have been given by the Company, the Directors and Octopus to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity are in usual form for a contract of this type. The agreement can be terminated if any material statement in the Prospectus is untrue, any material omission from the Prospectus arises or any material breach of warranty occurs. Octopus has agreed to indemnify the Company against the initial costs of the Offer exceeding 7.5% of the gross proceeds of the Offer.

## **8 MATERIAL CONTRACTS**

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

- 8.1 The Offer Agreement, details of which are set out in paragraph 7 above.
- 8.2 An offer agreement dated 10 November 2022 between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) subject to which Howard Kennedy agreed to act as sponsor to the Company in respect of the 2022 Offer and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2022 Offer. Under the agreement, Octopus was paid an initial fee of up to 5.5% of the funds received under the 2022 Offer and an ongoing fee of 0.5% per annum of the net asset value of the investment amounts received from investors under the 2022 Offer who have invested directly into the Company and not through a financial intermediary for up to seven years and agreed to discharge all external costs of advice and their own costs and the Company's in respect of the 2022

Offer. Under this agreement, certain warranties were given by the Company, the Directors and Octopus to Howard Kennedy. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2022 Offer was untrue, any material omission from that prospectus arose or any material breach of warranty occurred. Octopus agreed to indemnify the Company against the initial costs of the 2022 Offer exceeding 7.5% of the gross proceeds of the 2022 Offer.

- 8.3 An offer agreement dated 21 October 2021 between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) subject to which Howard Kennedy agreed to act as sponsor to the Company in respect of the 2021 Offer and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2021 Offer. Under the agreement, Octopus was paid an initial fee of up to 5.5% of the funds received under the 2021 Offer and an ongoing fee of 0.5% per annum of the net asset value of the investment amounts received from investors under the 2021 Offer who have invested directly into the Company and not through a financial intermediary for up to seven years and agreed to discharge all external costs of advice and their own costs and the Company's in respect of the 2021 Offer. Under this agreement, certain warranties were given by the Company, the Directors and Octopus to Howard Kennedy. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2021 Offer was untrue, any material omission from that prospectus arose or any material breach of warranty occurred. Octopus agreed to indemnify the Company against the initial costs of the 2021 Offer exceeding 7.5% of the gross proceeds of the 2021 Offer.
- 8.4 An offer agreement dated 21 October 2020 between the Company (1), the Directors (2), Octopus (3) and Howard Kennedy (4) subject to which Howard Kennedy agreed to act as sponsor to the Company in respect of the 2020 Offer and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2020 Offer. Under the agreement, Octopus was paid an initial fee of up to 5.5% of the funds received under the 2020 Offer and an ongoing fee of 0.5% per annum of the net asset value of the investment amounts received from investors under the 2020 Offer who have invested directly into the Company and not through a financial intermediary for up to seven years and agreed to discharge all external costs of advice and their own costs and the Company's in respect of the 2020 Offer. Under this agreement, certain warranties were given by the Company, the Directors and Octopus to Howard Kennedy. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor. The warranties and indemnity were in usual form for a contract of this type. The agreement could be terminated if any material statement in the prospectus relating to the 2020 Offer was untrue, any material omission from that prospectus arose or any material breach of warranty occurred. Octopus agreed to indemnify the Company against the initial costs of the 2020 Offer exceeding 7.5% of the gross proceeds of the 2020 Offer.
- 8.5 The letters of appointment of the Directors, details of which are set out in paragraph 5 above.
- 8.6 A management agreement (the "Management Agreement") dated 10 December 2018, as varied by a deed of variation dated 15 September 2022, between the Company, Octopus AIF and Octopus and a sub-management agreement (the "Sub-Management Agreement") dated 10 December 2018 between Octopus AIF and Octopus (the Management Agreement and the Sub-Management Agreement together the "Management Agreements") and a non-investment services agreement dated 31 December 2021 between the Company and Octopus (the "NISA"). The Management Agreements provide that Octopus will provide investment management services to the Company in respect of its portfolio of qualifying investments. Octopus will receive an annualised fee of 2% of the net assets of the Company less uninvested cash, payable quarterly in advance and calculated using the latest published NAV of the Company and the number of shares in issue at each quarter end. The management fee on uninvested cash raised in the 2018 Offer and thereafter is the lower of (i) the returns achieved on that uninvested cash or (ii) 2%. The Manager is also entitled to a performance incentive fee under the Management Agreement of 20% of all future gains above the high-water mark (being the highest NAV plus cumulative dividends paid at a previous audited year-end). The current high-water mark is 197.7p per share which is the total value as at 31 December 2021.

The Company is classified by the FCA as an alternative investment fund (an "AIF"). Under the Alternative Investment Fund Management Directive (the "AIFM Directive"), member states are required to ensure that each AIF managed within the scope of the AIFM Directive has a single alternative investment fund manager (an "AIFM") responsible for ensuring compliance with the AIFM Directive. An AIFM must provide, at a minimum, portfolio management and risk

management services to one or more AIFs as its regular business irrespective of where the AIFs are located or what legal form the AIF takes.

AIFMs that manage AIFs whose assets under management ("AUM") do not meet the size criteria set out in the AIFM Directive ("sub-threshold") will not be subject to the full requirements of the AIFM Directive. An AIFM will be sub-threshold if it manages portfolios of AIFs whose aggregate AUM:

- do not exceed €100 million (including any assets acquired through the use of leverage); or
- do not exceed €500 million where the portfolio of AIFs consist of AIFs that are unleveraged; and
- do not give their investors a right of redemption within five years of initial investment in each AIF.

As the Company is not sub-threshold, Octopus AIF, which is a full scope alternative investment fund manager, was appointed as the Company's investment manager and the investment management agreement between the Company and Octopus that was in place at the time of that appointment was assigned by way of the deed of novation from Octopus to Octopus AIF (the "Assignment"), and subsequently amended and restated by way of a deed of variation and restatement in order to reflect Octopus AIF's status as a full scope AIFM. Pursuant to the subsequent Sub-Management Agreement referred to above, Octopus provides portfolio management services to the Company.

As a result of the Assignment and the Sub-Management Agreement, the personnel managing the Company's portfolio and the investment management fee payable by the Company remained unchanged from the time when the Company was sub-threshold and Octopus rather than Octopus AIF was the Company's investment manager.

Pursuant to the NISA, Octopus provides non-investment and company secretarial services to the Company for an annual fee equal to the administration and accounting costs of the Company for the year ended 31 December 2020 with inflationary increases.

The Management Agreement and the NISA may be terminated on written notice of not less than three years, so as to expire at the end of that notice period, subject to earlier termination in the event of the underperformance of the Company or the departure of certain members of Octopus.

Octopus also retains the right pursuant to the Management Agreement to charge transaction, directors', monitoring, consultancy, corporate finance, introductory and syndication fees, commissions and refunds of commissions in respect of the management of the Company's investment portfolio. Such fees do not typically exceed 1.5% of the total amount invested by all Octopus managed funds (including the Company) per annum, assuming an investment of £5 million and a holding period of five years. Since 31 October 2018, Octopus no longer receives such fees in respect of new investments, or any such new fees in respect of further investments into portfolio companies in which the Company invested on or before 31 October 2018, with those fees being passed to the Company. The costs of all deals that do not proceed to completion are typically borne by either the company seeking funding or by Octopus.

#### 8.7 Material contracts for Zenith Holding Company Limited

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

#### 8.8 A depositary agreement (the "Depositary Agreement") dated 1 September 2017 between the Company (1), BNP Paribas Securities Services (2) and the Manager (3), as novated to BNP Paribas Trust Corporation UK Limited (the "Depositary") with effect from 30 June 2022, pursuant to which the Depositary provides cash monitoring, procures

the safekeeping of financial instruments and provides other assets and oversight duties as well as such other services as agreed by the parties to the Depositary Agreement (the "Services").

The Depositary is incorporated in England and Wales with registered number 04042668 as a private company limited by shares and whose registered office is at 10 Harewood Avenue, London NW1 6AA (telephone +44 (0)20 7595 1340). The Depositary is authorised and is regulated by the FCA.

As acknowledged by the terms of the Depositary Agreement, the Depositary has delegated the provision of custodian services to BNP Paribas SA, an entity incorporated in France with registered office at 16 Boulevard des Italiens, 75009 Paris and operating through its branch in London at 10 Harewood Avenue, London, NW1 6AA, England. In the UK, BNP Paribas SA is deemed authorised by the Prudential Regulation Authority and with deemed variation of permission and is subject to regulation by the FCA and limited regulation by the Prudential Regulation Authority.

The Depositary is permitted to act as depositary of an alternative investment fund in accordance with FUND 3.11.10.

Under the Depositary Agreement the Company and the Manager have given certain warranties and an indemnity to the Depositary, and the Depositary has given certain warranties to the Company and the Manager, which are in usual form for a contract of this type. The Depositary Agreement can be voluntarily terminated by the parties on six months prior written notice, subject, in the case of a termination by the Depositary, to a new depositary being appointed, or earlier in certain circumstances. The fees payable to the Depositary for the Services will depend on the level of the Services to be provided and are set out in a Schedule to the Depositary Agreement.

- 8.9 An agreement (the "Cash Management Agreement") dated 14 May 2019 between the Company (1) and Credit Suisse (UK) Limited ("Credit Suisse") (2), as subsequently varied, relating to the Company's cash management, pursuant to which Credit Suisse invests some of the Company's cash and cash equivalent prior to the Company deploying such cash and cash equivalents into Qualifying Investments.

Under the Cash Management Agreement the Company and Credit Suisse have given certain warranties to each other, and the Company has given an indemnity to Credit Suisse, which are in usual form for a contract of this type. The Cash Management Agreement may be terminated by either party if required by applicable law, in the event of insolvency, in certain cases of material breach and if a party ceases to have the required regulatory authorisation. Credit Suisse may terminate the Cash Management Agreement on 30 business days notice, or earlier in certain circumstances, and the Company may terminate the Cash Management Agreement on not more than 30 business days notice.

The fees payable to Credit Suisse for its services under the Cash Management Agreement will depend on the amount of cash and cash equivalents that it will be managing and are set out in a schedule to the Cash Management Agreement.

- 8.10 A deed of release dated 21 October 2021 pursuant to which any and all claims which the Company may have against its past and present directors, arising in relation to previous allotments of shares, were released.

## **9 RELATED PARTY TRANSACTIONS**

Save for the offer agreement detailed at paragraph 7 above, the fees paid to the Directors as detailed in paragraph 5 above, the fees paid under the management and administration arrangements detailed in paragraph 8.6, the irrevocable undertakings to subscribe for Shares under the Offer that have been given by all of the Directors and the acquisition on 17 July 2023 and 17 August 2023 of a total of 280,721 Shares by Octopus Investments Nominees Limited, a company within the Manager's group, on the understanding that they would be bought back by the Company under the Company's buyback policy, there were no other related party transactions or fees paid by the Group to a related party during the period from 30 June 2023 to the date of this document.

## **10 WORKING CAPITAL**

The Company is of the opinion that the working capital of the Company and the Group is sufficient for the Company's and the Group's present requirements, that is, for at least the period of twelve months from the date of this document. When calculating the working capital available to the Company and the Group, the Company has assessed whether cash and other available liquid resources can be accessed in order to meet any liabilities as they fall due. No account has been taken of the proceeds of the Offer in calculating the working capital available to the Company and the Group. When calculating the Company's and the Group's present requirements, the Company has taken into account the terms of its investment strategy and investment policy.

## 11 CAPITALISATION AND INDEBTEDNESS

11.1 The capitalisation of the Company as at 30 June 2023 was as follows:

<b><u>Capital and reserves</u></b>	<b>(£'000)</b>
Called up Equity Share Capital	1,548
Legal Reserves	248,511
Other Reserves	805,624
<b>Total Equity Shareholders' Funds</b>	<b>1,055,683</b>

There has been no material change to the capitalisation since 30 June 2023.

11.2 Since incorporation, the Company has incurred no indebtedness. The Company has power to borrow under the Articles, details of which are set out in the paragraph entitled "Borrowing powers" in paragraph 14.1.12 below.

## 12. AUDIT, NOMINATION AND REMUNERATION AND MANAGEMENT ENGAGEMENT COMMITTEES

### *Audit Committee*

12.1 The audit committee of the Company comprises the Board, is chaired by Lord Rockley and meets twice a year. The committee has direct access to BDO LLP, 55 Baker Street, London, W1U 7EU, the Company's external auditor. The duties of the audit committee are, inter alia:

- 12.1.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
- 12.1.2 to review and approve the external auditor's terms of engagement and remuneration;
- 12.1.3 to review the appropriateness of the Company's accounting policies, to consider matters of corporate governance as may generally be applicable to the Company and to make recommendations to the Board in connection therewith as appropriate; and
- 12.1.4 to keep under review the Manager's internal control frameworks that identify, assess, manage and monitor financial risks, and other internal control and risk management systems.

### *Nomination and Remuneration and Management Engagement Committee*

- 12.1.5 A nomination and remuneration committee consisting of the Board and chaired by Tom Leader has been established to consider recommendations for the re-election of Directors. It also considers the remuneration of the Directors and any Director is excluded from meetings the purpose of which is the setting of their own remuneration.
- 12.1.6 A management engagement committee assists the Board in evaluating the performance of the Portfolio Manager and other third-party service providers engaged by the Company. It is chaired by Gaenor Bagley and comprises all the Directors.

## 13. LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

## 14. ARTICLES OF ASSOCIATION

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

14.1.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 14.1.4 below the Shares shall carry the right to receive notice of or to attend or vote at any general meeting of the Company and on a show of hands every holder of Shares present in person or by proxy (or being a corporation, present by an authorised representative) shall have one vote and, on a poll, every holder of Shares who is present in person or by proxy shall have one vote for every Share of which he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

#### 14.1.2 Transfer of Shares

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

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

#### 14.1.3 Dividends

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

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

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

#### 14.1.4 Disclosure of Interest in Shares

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

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

#### 14.1.5 Distribution of Assets on Liquidation

On a winding-up any surplus assets will be divided amongst the holders of each class of shares in the Company according to the respective numbers of shares held by them and in accordance with the provisions of the CA 2006, subject to the rights of any shares which may be issued with special rights or privileges.

The Articles provide that the liquidator may, with the sanction of a special resolution and any other sanction required by the CA 2006, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

#### 14.1.6 Changes in Share Capital

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

The Company may by ordinary resolution convert any fully paid up shares into stock of the same class as the shares which shall be so converted, and reconvert such stock into fully paid up shares of the same class and of any denomination.

#### 14.1.7 Variation of Rights

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

#### 14.1.8 Directors

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

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

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

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



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

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

#### 14.1.9 Directors' Interests

14.1.9.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the CA 2006, the nature of their interest.

14.1.9.2 Provided that the Director has declared their interest in accordance with paragraph 14.1.9.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of being a Director, for any benefit that the Director derives from such office or interest or any such transaction or arrangement.

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

- (a) the giving to that Director of any guarantee, security or indemnity in respect of money lent or an obligation incurred by that Director at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which that Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning the subscription by that Director of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of that Director participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;
- (d) any proposal concerning any other company in which that Director is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that the Director and any persons connected with the Director do not to the Director's knowledge hold an interest in shares representing 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
- (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and
- (f) any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, breach of duty or breach of trust for which they may be guilty in relation to the Company or any of its subsidiaries of which they are a Director, officer or auditor.

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

#### 14.1.10 Remuneration of Directors

14.1.10.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees, shall not exceed £300,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

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

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

#### 14.1.11 Retirement of Directors

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

#### 14.1.12 Borrowing Powers

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

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

#### 14.1.13 Distribution of Realised Capital Profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company ("a Relevant Period"), the distribution of the Company's capital profits shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the CA 2006, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or a combination of both. During a Relevant Period, any loss realised on the realisation or payment or other dealing with investments, or other capital losses, and, subject to the CA 2006, any expenses, loss or liability (or provision therefore) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or applied in paying dividends on any shares in the Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or applied in paying dividends on any shares in the Company.

#### 14.1.14 Duration of Company

At the annual general meeting held after the fifth anniversary of the last allotment of shares (from time to time) and, if the Company has not then been wound up, at each fifth annual general meeting thereafter, the Directors shall procure that an ordinary resolution will be proposed to the effect that the Company shall continue as a venture

capital trust. If the resolution is not passed, the Board shall within 4 months of such meeting convene a general meeting of the Company at which a special resolution for the re-organisation or reconstruction of the Company and/or a special resolution requiring the Company to be wound up voluntarily shall be proposed. If neither of the resolutions is passed, the Company shall continue as a venture capital trust.

#### 14.1.15 General Meetings

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

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

#### 14.2 CREST

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

### 15. SPECIFIC DISCLOSURES IN RESPECT OF CLOSED ENDED FUNDS

- 15.1 The Company intends to use the proceeds of the Offer in accordance with the Company's object of spreading investment risk and in accordance with the Company's investment policy. This investment policy is in line with the VCT Rules and the Company will not deviate from them. Further, in accordance with the VCT Rules, the Company will invest in ordinary shares, in some cases in a small number of preference shares where applicable, and always in accordance with such rules.
- 15.2 The Company is not a regulated entity. VCTs need to meet a number of conditions set out in tax legislation in order for the VCT tax reliefs to apply, and comply with the rules and regulations of the Financial Conduct Authority.
- 15.3 The Company is regulated by the VCT Rules in respect of the investments it makes, as described in Part Two of this document. The Company has appointed Shoosmiths LLP, 1 Bow Churchyard, London, EC4M 9DQ ("Shoosmiths") as its VCT status monitor. Shoosmiths will report to the Company as part of its annual reporting obligations. In respect of any breach of the VCT Rules, the Company, together with Shoosmiths, will report directly and immediately to HMRC to rectify the breach and announce the same immediately to the Shareholders through a Regulatory Information Service provider.
- 15.4 The Company will not invest more than 15% of its gross assets at the point of investment in any single company, in accordance with the VCT legislation, nor will the Company control the companies in which it invests in such a way as to render them subsidiary undertakings until they have obtained approval as a VCT from HMRC.
- 15.5 The Company will not conduct any trading activity which is significant in the context of the Group as a whole. No more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds themselves have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds.
- 15.6 The Board must be able to demonstrate that it acts independently of the Manager. A majority of the Board (including the Chairman) must not be directors, employees, partners, officers, or professional advisers of or to, the Manager or any company in the Manager's group or any other investment entity which they manage.
- 15.7 The Company will not invest directly in physical commodities.
- 15.8 The Company will not invest in any property collective investment undertaking.

- 15.9 Other than as provided for under its published investment policy, the Company will not invest in any derivatives, financial instruments, money market instruments or currencies other than for the purposes of efficient portfolio management (i.e. solely for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of the collective investment undertaking, including any technique or instrument used to provide protection against exchange and credit risks).
- 15.10 Octopus is responsible for the determination and calculation of the NAV of the Company on a six monthly basis.
- 15.11 The NAV of the Company's investments will be determined by Octopus, and approved by the Board, at least every six months and will be communicated to Shareholders through a Regulatory Information Service. The value of investments will be determined on a fair value basis. In the case of quoted securities, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending on convention of the exchange on which the investment is quoted. In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, multiples and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines.
- 15.12 The calculation of the NAV per Share would only be suspended in circumstances where the underlying data necessary to value the investments of the Company could not readily, without undue expenditure, be obtained. Details of any suspension in making such calculations will be communicated to Shareholders through a Regulatory Information Service.

## **16. CORPORATE GOVERNANCE**

The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 applies to the Company (the "Code"). The Board has considered the principles and recommendations of the Association of Investment Companies ("AIC") code of corporate governance, which addresses all the principles of the Code, by reference to the AIC's corporate governance guide for investment companies. The Directors note that the Code acknowledges that it does not set out a rigid set of rules and that some provisions may have less relevance for investment companies and, in particular, consider some areas inappropriate due to the size and nature of the business of the Company. Accordingly, the provisions of the Code are complied with save that (i) the Company does not have a senior independent director (the Board does not consider this necessary for a VCT), (ii) the Chair of the Company is a member of the the Company's audit committee (having been the chair of the audit committee until June 2022). The Directors believe it is appropriate that the audit committee continues to benefit from his skill and knowledge, (iii) the Chair of the Company is also the chair of the nomination and remuneration committee, which the Directors consider appropriate given the small number of Directors and tenure of those on the Board (iv) as the Company has no major shareholders, the Shareholders are not given the opportunity to meet or engage with any non-executive Directors at a specific meeting other than the annual general meeting or other designated shareholder events and (v) in view of their non-executive nature and the requirement under the Articles that all Directors are subject to election by Shareholders at the first annual general meeting after their appointment and that at every annual general meeting a third of those Directors who are subject to retirement by rotation shall retire from office, the Board considers that it is not appropriate for the Directors to be appointed for a fixed term, nor for them to be re-elected annually (in order to make sure experience is retained on the Board).

## **17. TAKEOVERS AND MERGERS**

### **17.1 Mandatory takeover bids**

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

The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company the other holders of securities must be protected. This is reinforced by Rule 9 of the Takeover Code which requires a person, together

with persons acting in concert with them, who acquires shares carrying voting rights which amount to 30% or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights, acquires additional shares which increase their percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50% of the voting rights.

There are not in existence any current mandatory takeover bids in relation to the Company.

#### 17.2 Squeeze out

Section 979 of the CA 2006 provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90% in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90% of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the CA 2006 must, in general, be the same as the consideration available under the takeover offer.

#### 17.3 Sell out

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

### 18. NOTIFICATIONS OF SHAREHOLDINGS

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

### 19. GENERAL

- 19.1 The estimated costs and expenses relating to the Offer, assuming full subscription, including the over-allotment facility, all investors being Advised Investors, and all choosing to pay their advisers a 2.5% upfront fee, payable by the Company are estimated to amount to approximately £11 million in aggregate (excluding VAT). On the above assumptions, the aggregate total net proceeds of the Offer, after all fees, is expected to be £189 million.
- 19.2 BDO LLP of 55 Baker Street, London, W1U 7EU has been the auditor since 20 June 2018 and gave an unqualified audit report on the statutory accounts of the Company for the year ended 31 December 2022, within the meaning of Section 495 of the CA 2006. This audited financial report did not contain any statements under Section 237(2) or (3) of the CA 2006 and was delivered to the Registrar of Companies in England and Wales pursuant to Section 242 of the CA 2006 and together with the unaudited interim reports for the 6 month periods ended 30 June 2022 and 30 June 2023, was prepared in accordance with Financial Reporting Standard 102 and Financial Reporting Standard 104 Interim Financial Reporting.
- 19.3 The Company shall take all reasonable steps to ensure that its auditor is independent of it and will obtain written confirmation from its auditor that it complies with guidelines on independence issued by its national accountancy and auditing bodies.
- 19.4 Howard Kennedy has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

- 19.5 The statements attributed to Octopus in this document have been included in the form and context in which they appear with the consent and authorisation of Octopus. In accordance with Prospectus Regulation Rule 5.3.2R(2)(f), Octopus accepts responsibility for those statements and to the best of its knowledge the information contained in those parts of the Prospectus is in accordance with the facts and those parts of the Prospectus make no omission likely to affect their import.
- 19.6 The Company does not assume responsibility for the withholding of tax at source.
- 19.7 There has been no significant change in the financial position of the Group since 30 June 2023, the date to which the Company's latest half-yearly unaudited interim financial information has been published, to the date of this document.
- 19.8 Save in respect of the conflict in Ukraine and the impact of interest rates, inflation and the cost of living crisis, there have been no significant factors, whether governmental, economic, fiscal, monetary or political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on the Group's prospects or which have materially affected the Group's income from operations so far as the Company and the Directors are aware.
- 19.9 Shareholders will be informed, by means of the interim and/or annual report or through a Regulatory Information Service announcement, if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 19.10 The Company's capital resources are restricted insofar as they may be used only in putting into effect the Company's investment policy, as set out in this document. There are no firm commitments that are material in respect of any of the Company's principal future investments. As at 30 June 2023, the Company had £232.4 million of uninvested cash which has been retained for working capital and follow-on or new investments.
- 19.11 All Shareholders have the same voting rights in respect of the share capital of the Company. The Company is not aware of any person who, directly or indirectly, exercises or could exercise control over the Company, nor of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 19.12 The typical investor for whom investment in the Company is designed is a UK income taxpayer over 18 years of age with an investment range of between £3,000 and £200,000 who, having regard to the risk factors set out on pages 12 and 13, considers the investment policy of the Company to be attractive. This may include retail, institutional and sophisticated investors, as well as high net worth individuals who already have a portfolio of non-VCT investments.
- 19.13 The Company does not have any material shareholders with different voting rights.
- 19.14 An application has been made for the admission of the New Shares to be listed on the Official List and an application will be made for the New Shares to be admitted to trading on the London Stock Exchange's market for listed securities. The New Shares will be in registered form. If, following issue, recipients of New Shares wish to hold their New Shares in uncertificated form, they should contact the Company's registrar.
- 19.15 All third party information in this Prospectus has been identified as such by reference to its source and in each instance has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.16 Pursuant to the investment management agreement, details of which are set out in paragraph 8.6 above, Octopus AIF will procure safe custody to the Company in respect of the un-invested cash, general investment and dealing services on a discretionary basis and other related facilities which may include the following investments: shares in investee companies, debenture stock, loan stock, bonds, units, notes, certificates of deposit, commercial paper or other debt instruments, municipal and corporate issues, depository receipts, cash term deposits, money market securities, unit trusts, mutual funds, OEICs, investment funds and similar funds and schemes in the United Kingdom or elsewhere. These services exclude any transaction in relation to futures and options or other derivative type instruments or commodity (or derivative thereof) by Octopus. Pursuant to the depository agreement, details of which are set out at paragraph 8.8 above, BNP Paribas Securities Services provides cash monitoring, safekeeping of financial instruments and other assets and oversight duties as well as such other services as agreed by the parties to the depository agreement.
- 19.17 The existing issued Shares will represent 84.7% of the enlarged ordinary share capital of the Company immediately following completion of the Offer, assuming the Offer is fully subscribed, including the over-allotment facility, with

277,008,310 New Shares being issued at an Offer Price of 72.2p, and on that basis Shareholders who do not subscribe under the Offer will, therefore, be diluted by 15.3%.

19.18 The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offer. The Offer will close on or before 18 October 2024. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus only in the UK.

19.19 **In the event of an offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time that the offer is made. Any financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto.**

## **20. DOCUMENTS AVAILABLE FOR INSPECTION**

The Company's memorandum and Articles and the Prospectus are available for inspection at the registered office of the Company at 6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offer and may also be inspected at the Company's website address at [octopusinvestments.com](http://octopusinvestments.com).

19 October 2023

## DEFINITIONS

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

"2018 Offer"	the offer for subscription by the Company as set out in the prospectus dated 13 September 2018 issued by the Company
"2020 Offer"	the offer for subscription by the Company as set out in the prospectus dated 21 October 2020 issued by the Company
"2021 Offer"	the offer for subscription by the Company as set out in the prospectus dated 21 October 2021 issued by the Company
"2022 Offer"	the offer for subscription by the Company as set out in the prospectus dated 10 November 2022 issued by the Company
"Acts"	CA 1985 and CA 2006
"Admission"	the admission of New Shares to trading on the London Stock Exchange's main market for listed securities
"Advised Investors"	investors under the Offer who receive advice from their financial intermediaries
"Applicant"	a person applying for New Shares under the Offer
"Application"	an application for New Shares under the Offer
"Application Form"	the application form relating to the Offer which can be found on the Company's website
"Articles"	the articles of association of the Company
"Board" or "Directors"	the board of directors of the Company
"CA 1985"	Companies Act 1985
"CA 2006"	Companies Act 2006
"Company" or "Titan"	Octopus Titan VCT plc
"Dividend Reinvestment Scheme" or "DRIS"	the Company's dividend reinvestment scheme, the terms and conditions of which are set out in Annex I of this document
"Enterprise Investment Scheme"	Enterprise Investment Scheme, satisfying the requirements of Part 5 of ITA 2007
"EU MiFID II"	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID") and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("MiFIR"), and together with MiFID, "MiFID II"
"FCA"	the Financial Conduct Authority
"FCA Handbook"	the rules of the FCA as set out in the FCA Handbook of Rules and Guidance as published from time to time
"FSMA"	the Financial Services and Markets Act 2000, as amended
"FUND"	the Investment Funds sourcebook which forms part of the FCA Handbook;



"Group"	the Company and its wholly owned subsidiary, Zenith
"HMRC"	HM Revenue and Customs
"Howard Kennedy"	Howard Kennedy Corporate Services LLP
"IA 1986"	The Insolvency Act 1986, as amended from time to time
"ITA 2007"	Income Tax Act 2007, as amended from time to time
"Knowledge Intensive Company"	a company satisfying the conditions in Section 331(A) of Part 6 ITA 2007
"London Stock Exchange"	London Stock Exchange plc
"Market Abuse Regulation"	Market Abuse Regulation (596/2014/EU)
"Merger"	the merger of the Company with Titan 1, Titan 3, Titan 4 and Titan 5, which completed on 27 November 2014, by means of placing Titan 1, Titan 3, Titan 4 and Titan 5 into members' voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of the assets and liabilities of Titan 1, Titan 3, Titan 4 and Titan 5 in consideration for Shares
"Money Laundering Regulations"	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
"NAV"	net asset value
"New Shares"	the Shares being offered under the Offer (and each a "New Share")
"Octopus AIF" or the "Manager"	Octopus AIF Management Limited
"Octopus", the "Portfolio Manager" or the "Receiving Agent"	Octopus Investments Limited
"Octopus Group"	Octopus Capital Limited, trading as Octopus Group through its subsidiaries, and which through their brands operate in the investment management, venture capital, energy and real estate industries
"Octopus VCT"	any venture capital trust (whether it still exists or not) which is, or was at any time, managed by Octopus
"Octopus Ventures"	those members of Octopus who manage the Company's portfolio, whose details are set out on pages 27 to 29
"Offer"	the offer for subscription for New Shares contained in this document
"Offer Price"	the price per New Share, as set out in Part One of this document
"Official List"	the official list maintained by the Financial Conduct Authority
"Prospectus"	this document
"Prospectus Regulation"	Regulation (EU) 2017/1129
"Prospectus Regulation Rules"	the Prospectus Regulation rules of the FCA
"Qualifying Company"	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
"Qualifying Investments"	shares in, or securities of, a Qualifying Company held by a VCT which meets the requirements described in chapter 4 of Part 6 ITA 2007

"Qualifying Subscriber"	an individual who subscribes for New Shares and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
"Regulatory Information Service"	a regulatory information service that is on the list of regulatory information services maintained by the FCA
"Risk Finance State Aid"	State aid received by a company as defined in Section 280B (4) of ITA 2007
"Shareholders"	holders of Shares, as the context permits (and each a "Shareholder")
"Shares"	ordinary shares of 0.1p each in the capital of the Company (and each a "Share")
"Terms and Conditions"	the terms and conditions of Application, contained in this document on pages 64 to 69
"Titan 1"	Octopus Titan VCT 1 plc (dissolved through a members' voluntary liquidation)
"Titan 3"	Octopus Titan VCT 3 plc (dissolved through a members' voluntary liquidation)
"Titan 4"	Octopus Titan VCT 4 plc (dissolved through a members' voluntary liquidation)
"Titan 5"	Octopus Titan VCT 5 plc (dissolved through a members' voluntary liquidation)
"Titan VCTs"	the Company, Titan 1, Titan 3, Titan 4 and Titan 5
"UK MiFID Laws"	(1) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II in to UK law before 31 January 2020 (as amended and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (2) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019; and (ii) the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019
"UK PRIIPs Laws"	the UK version of the EU Packaged Retail Investment and Insurance Products Regulations which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Packaged Retail and Insurance-based Investment Products (Amendment)(EU Exit) Regulations 2019 (February 2019) and the

	Cross-Border Distribution of Funds, Proxy Advisors, Prospectus and Gibraltar (Amendment) (EU Exit) Regulations 2019
"venture capital trust" or "VCTs"	a company which is, for the time being, approved as a venture capital trust as defined by Section 259 of ITA 2007
"VCT Rules"	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs as amended from time to time
"Zenith"	Zenith Holding Company Limited, a limited company incorporated in the Cayman Islands whose registered office is at c/o Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Cayman Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands

## TERMS AND CONDITIONS

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

1. The maximum amount to be raised by the Company is £125 million with an over-allotment facility of a further £75 million. The Offer will close once the Company has reached the aggregate maximum number of New Shares which may be issued.
2. The minimum investment is £3,000. The minimum investment for investors investing indirectly through a nominee is £500. There is no maximum investment. Certain tax reliefs are only available for the first £200,000 invested in VCTs each tax year.
3. The contract created with the Company by the acceptance of an Application (or any proportion of it) under the Offer will be conditional on acceptance being given by the Receiving Agents and admission of the New Shares allotted in the Company subject to the Offer to the Official List (save as otherwise resolved by the Board).
4. The right is reserved by the Company to present all cheques and banker's drafts for payment on receipt and to retain share certificates and Application monies pending clearance of successful Applicants' cheques and bankers' drafts. The Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the balance thereof (save where the amount is less than the Offer Price of one Share) will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, Application monies will be retained by the Receiving Agents in a separate account. Interest earned from this account will be due to Octopus.
5. By completing and delivering an Application Form, you:
  - I. irrevocably offer to subscribe for New Shares in the Company under the Offer in the monetary amount specified in your Application Form (or such lesser amount for which your Application is accepted), which shall be used to purchase the New Shares at the Offer Price on the terms of and subject to this document and subject to the memorandum and articles of association of the Company;
  - II. agree that your Application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agents of your Application Form;
  - III. agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured, you will not be entitled to receive certificates in respect of the New Shares allotted to you until you make payment in cleared funds for such New Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it and the Receiving Agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) rescind the agreement to subscribe for such New Shares and may issue such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
  - IV. agree that if, following the issue of all or any New Shares applied for pursuant to the Offer, your remittance is not honoured on first presentation, those New Shares may, forthwith upon payment by Octopus (or such person as it may nominate) of the Offer Price of those New Shares to the Company, be transferred to Octopus or such other person as Octopus may direct at the relevant Offer Price per New Share and any director of the Company is hereby irrevocably appointed and instructed to complete and execute all or any form(s) of transfer and/or any other documents in relation to the transfer of those New Shares to Octopus or such other person as Octopus may direct and to do all such other acts and things as may be necessary or expedient, for the purpose of or in connection with, transferring title to those New Shares to Octopus, or such other person, in which case you will not be entitled to those New Shares or any payment in respect of such New Shares;

- V. agree that, in respect of those New Shares for which your Application is received and is not rejected, your Application may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation and allotment, or by notification of acceptance thereof to the Receiving Agents;
- VI. agree that any monies refundable to you by the Company may be retained by the Receiving Agents pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agents may consider to be, required for the purposes of the Money Laundering Regulations and that such monies will not bear interest;
- VII. authorise the Receiving Agents to send share and tax certificates in respect of the number of New Shares for which your Application is accepted and/or a crossed cheque for any monies returnable, by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such New Shares. There may be a cost to replace share certificates and tax certificates;
- VIII. agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or Octopus to bring any action, suit or proceeding arising out of, or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
- IX. confirm that, in making such Application, you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document, the cover correspondence or any part thereof or involved in the preparation thereof shall have any liability for such information or representation (save for fraudulent misrepresentation or wilful deceit);
- X. irrevocably authorise the Receiving Agents to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agents to execute any document required therefore;
- XI. agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and statements concerning the Company and the Offer contained therein;
- XII. confirm that you have reviewed the restrictions contained in paragraph 6 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor a resident of Canada and that you are not applying for any Shares with a view to their offer, sale or delivery to or for the benefit of any US Person or a resident of Canada;
- XIII. declare that you are an individual aged 18 or over;
- XIV. agree that all documents and cheques sent by post to, by or on behalf of either the Company or the Receiving Agents, will be sent at the risk of the person entitled thereto;
- XV. agree, on request by the Company or Octopus, to disclose promptly in writing to Octopus, any information which Octopus may reasonably request in connection with your Application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Company or Octopus to disclose any information relating to your Application as the Company or Octopus consider appropriate;
- XVI. agree that Octopus will not treat you as its customer by virtue of your Application being accepted or owe you any duties or responsibilities concerning the price of the New Shares subject to the Offer or the suitability for you of an investment in New Shares subject to the Offer or be responsible to you for providing the protections afforded to its customers;
- XVII. where applicable, authorise the Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Company;
- XVIII. declare that the Application Form has been completed to the best of your knowledge;
- XIX. undertake that you will notify the Company if you are not or cease to be either a Qualifying Subscriber or beneficially entitled to the New Shares;
- XX. declare that a loan has not been made to you or any associate, which would not have been made or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares under the Offer and

that such New Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose of which is the avoidance of tax;

- XXI. agree that information provided on the Application Form may be provided to the registrars and Receiving Agents to process shareholdings details and send notifications to you. Information on Octopus' privacy policy can be found at: <https://octopusinvestments.com/privacy-notice/> and Shareholders who have any questions or queries on the policy should contact Octopus' data protection officer at: [Dataprotection@Octopusgroup.com](mailto:Dataprotection@Octopusgroup.com); and
  - XXII. undertake that you will notify Computershare Investor Services plc (the "Registrar"), the Companies' registrar, of any changes to your address or bank details. The Registrar currently charges for replacement share certificates or dividend payments, for more information please call Computershare on 0370 703 6324;
  - XXIII. warrant that you are not currently targeted by any form of UK, US or EU sanctions or restrictive measures including blocking; asset freezes; restrictions on dealings, issuing, or trading in debt, equity, derivatives, or other securities; or any other prohibition or restriction on exercising any rights or performing any obligations you may have in connection with any third party and that you will inform the Company, the Receiving Agent and the Company' registrar immediately of any circumstances or changes whilst you are an Applicant or a Shareholder that could impact this warranty.
- 6. No person receiving a copy of this document, covering correspondence or an Application Form in any territory other than the UK, may treat the same as constituting an invitation or offer to them, nor should they in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to them or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy themselves as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid by such territory.
  - 7. The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended. Octopus will not be registered under the United States Investment Advisers Act of 1940, as amended. No Application will be accepted if it bears an address in the USA.
  - 8. The basis of allocation will be determined by the Company (after consultation with Octopus) in its absolute discretion. The right is reserved by the Board to reject in whole or in part and scale down and/or ballot any Application or any part thereof including, without limitation, Applications in respect of which any verification of identity which the Company or Octopus consider may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied, and to reduce the minimum investment of £3,000 (£500 for investors investing indirectly through a nominee). Dealings prior to the issue of certificates for New Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all.
  - 9. Money Laundering Regulations

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

Under the Money Laundering Regulations, Octopus is required to check the identity of clients who invest over the sterling equivalent of €15,000 (approximately £13,000) or who invest using third party cheques. Octopus may therefore undertake an electronic search for the purposes of verifying your identity. To do so, Octopus may check the details you supply against your particulars on any database (public or other) to which Octopus has access. Octopus may also use your details in the future to assist other companies for verification purposes. A record of this search will be retained. If Octopus cannot verify your identity, it may ask for a recent, original utility bill and an original HMRC Tax Notification or a copy of your passport certified by a bank, solicitor or accountant from you or a Client Verification Certificate from your IFA.

If within a reasonable period of time following a request for verification of identity, and in any case by no later than 3.00 pm on the relevant date of allotment, Octopus has not received evidence satisfactory to it as aforesaid, Octopus, at its absolute discretion, may reject any such Application in which event the remittance submitted in respect of that Application will be returned to the Applicant (without prejudice to the rights of the Company to undertake proceedings to recover any loss suffered by it as a result of the failure to produce satisfactory evidence of identity).

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

#### **10. Costs of the Offer**

For all investors, the Offer Price for each allotment of New Shares will be determined by a formula reflecting the NAV per Share adjusted for an allowance for the majority of the costs of the Offer, such costs constituting the expenses charged to investors under the Offer.

**The formula is: the most recently announced NAV per Share at the time of the allotment, divided by 0.945.**

Applicants whose valid applications are received prior to 21 December 2023 will benefit from the costs of the Offer being reduced by 2%. Applicants who are existing, or who were previously, shareholders of any Octopus VCT will additionally benefit from the costs of the Offer being reduced by 1%. Applicants will receive these reductions in the form of additional New Shares, which will be paid for by Octopus. Octopus may at its discretion further reduce the costs of the Offer or extend the above deadline.

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

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

##### **1) A direct investment**

Investors who have not invested their money through a financial intermediary/adviser and have invested directly into the Company. Investors should be aware that investing through a financial intermediary/adviser may result in a lower product charge when investing in the Offer.

In consideration for promoting the Offer, if an application is made directly (not through an intermediary) then the Company will pay Octopus an additional initial charge of 2.5% of the investment amount. If Octopus has agreed to take a lower initial charge, the balance will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above.

The Company will also pay Octopus an additional annual ongoing charge of 0.5% of the investment amount's latest NAV for up to seven years, provided the investor continues to hold the Shares. If Octopus chooses to take less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional Shares for the investor, at the most recently announced NAV per Share. Any residual amount less than the cost of a Share will be donated to a registered charity approved by the Board.

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

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

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

The Company can also facilitate annual payments to an adviser ('ongoing adviser charges') in respect of ongoing advisory services provided by the adviser to the investor of up to 0.5% per annum of the investment amount's latest NAV for up to seven years whilst the investor continues to hold the New Shares. If the investor chooses to pay their adviser less than 0.5% annually, the remaining amount will be used for the issue and allotment of additional Shares for the investor, at the then most recently announced NAV per Share. Any residual amount less than the cost of a Share will be donated to a registered charity approved by the Board.

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

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

Investors who have invested in the Offer through a financial adviser and have received upfront advice.

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

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

**4) A non-advised investment using an intermediary**

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

An initial charge of up to 2.5% of the investment amount will be paid by the Company to Octopus and an annual ongoing charge of 0.5% of the investment amount's latest NAV for up to seven years provided that the investor continues to be the beneficial owner of the New Shares. Octopus may agree to pay some or all of these amounts as commission to the intermediary. Such commission will be available for up to seven years provided that the intermediary continues to act for the investor and the investor continues to be the beneficial owner of the New Shares.

If the intermediary agrees with the investor to accept a lower amount of initial commission than agreed with Octopus, the balance (up to a maximum of 2.5%) will be used for the issue and allotment of New Shares for the investor, issued at the most recently announced NAV per Share, divided by 0.945 as described above.

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



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

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

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

#### **Example**

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

<b>Latest published unaudited NAV as at the date of the Prospectus</b>	<b>Offer Price</b>	<b>Application</b>	<b>Number of New Shares to be allotted</b>
68.2p	72.2p	£10,000	13,850

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 initial costs of the Offer in excess of this amount.

## ANNEX I

### TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME (THE “DRIS”) OF THE COMPANY

1. Elections to participate in the Scheme should be addressed to the Scheme administrator, Computershare Investor Services plc (“Scheme Administrator”) in accordance with condition 11 and will only be effective for dividends to be paid 15 days following receipt of the election by the Scheme Administrator.
2.
  - (a) The Company, acting through the Scheme Administrator, shall have absolute discretion to accept or reject elections. An applicant shall become a member of the Scheme upon acceptance of his or her election by the Scheme Administrator on the Company’s behalf (“Participants”). The Scheme Administrator will provide written notification if an election is rejected. Only registered shareholders of the Company (“Shareholders”) may join the Scheme.
  - (b) The Company shall apply dividends to be paid to Participants on ordinary shares in the Company (“Ordinary Shares”) in respect of which an election has been made in the allotment of further Ordinary Shares. The Scheme Administrator shall not have the discretion, and Participants may not instruct the Scheme Administrator, to apply those dividends (“funds”) towards any investments other than investment in Ordinary Shares as set out in this condition 2(b).
  - (c) Participants who are Shareholders may only participate in the Scheme if all Ordinary Shares registered in their name are mandated to the Scheme.
  - (d) By joining the Scheme, Participants instruct the Scheme Administrator that the mandate will apply to the full number of Ordinary Shares held by them in respect of which the election is made, as entered onto the share register of the Company from time to time.
  - (e) In relation to new Ordinary Shares to be allotted in relation to a dividend such Ordinary Shares will only be allotted to the registered Shareholder and not any beneficial holder. Nominee Participants shall not be entitled to instruct the Scheme Administrator to allot Ordinary Shares to a beneficial holder (and Participants are advised to read condition 15 in respect of the consequences for VCT Tax reliefs).
3.
  - (a) On or as soon as practicable after a day on which a dividend on the Ordinary Shares is due to be paid to a Participant or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter (“Payment Date”), the Participant’s funds held by the Company shall, subject to conditions 9, 10 and 19 below and the Company having the requisite shareholder authorities to allot Ordinary Shares, be applied on behalf of that Participant to subscribe for the maximum number of whole new Ordinary Shares which can be allotted with the funds.
  - (b) The number of Ordinary Shares to be allotted to a Participant pursuant to condition 3(a) above shall be calculated by dividing the Participant’s funds by the greater of (i) the last published net asset value per existing Ordinary Share, (ii) the mid market price per Ordinary Share as quoted on the London Stock Exchange at the close of business on the 10th business day preceding the date of issue of such Ordinary Shares and (iii) Ordinary Shares will not be allotted at less than their nominal value.
  - (c) Fractional entitlements will not be allotted and any residual cash balance of less than the amount required to subscribe for a further new Ordinary Share, as set out in 3(b) above will be donated to a registered charity at the discretion of the Board.
  - (d) The Company shall not be obliged to allot Ordinary Shares under the Scheme to the extent that the total number of Ordinary Shares allotted by the Company pursuant to the Scheme in any financial year would exceed 10% of the aggregate number of Ordinary Shares on the first day of such financial year.
  - (e) The Company shall immediately after the subscription of Ordinary Shares in accordance with the condition at 3(a) above take all necessary steps to ensure that those Ordinary Shares shall be admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange, provided that at the time of such subscription the existing Ordinary Shares in issue are so admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange.
4. The Scheme Administrator shall as soon as practicable after the allotment of Ordinary Shares in accordance with condition 3 procure (i) that the Participants are entered onto the Share Register of the Company as the registered holders of those Ordinary Shares (ii) that share certificates (unless such Ordinary Shares are to be uncertified) and, where applicable, income tax vouchers (“Tax Vouchers”) are sent to Participants at their own risk and (iii)

that Participants receive a statement detailing:

- (a) the total number of Ordinary Shares held at the record date for which a valid election was made;
  - (b) the number of Ordinary Shares allotted;
  - (c) the price per Ordinary Share allotted;
  - (d) the cash equivalent of the Ordinary Shares allotted; and
  - (e) the date of allotment of the Ordinary Shares;
5. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
6. Each Participant warrants to the Scheme Administrator that all information set out in the application form (including any electronic election) on which the election to participate in the Scheme is contained is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator and that during the continuance of his or her participation in the Scheme he or she will comply with the provisions of condition 7 below.
7. The right to participate in the Scheme will not be available to any person who is a citizen, resident or national of, or who has a registered address in, any jurisdiction outside the UK unless such right could properly be made available to such person. No such person receiving a copy of the Scheme documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).
8. Participants acknowledge that the Scheme Administrator is not providing a discretionary management service. Neither the Scheme Administrator nor the Company shall be responsible for any loss or damage to Participants as a result of their participation in the Scheme unless due to the negligence or wilful default of the Scheme Administrator or the Company or their respective employees and agents.
9. Participants may:
- (a) at any time by notice to the Scheme Administrator terminate their participation in the Scheme and withdraw any funds held by the Company on their behalf; and
  - (b) in respect of Ordinary Shares they hold as nominee and subject to condition 2(e), give notice to the Scheme Administrator that, in respect of a forthcoming Payment Date, their election to receive Ordinary Shares is only to apply to a specified amount due to the Participant as set out in such notice.
- Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Administrator at least 15 days prior to such Payment Date. In respect of notices under (a) above, such notice will be deemed to have been served where (i) the Participant ceases to hold any Ordinary Shares or (ii) the Participant applies for further Ordinary Shares under a prospectus or top-up offer document issued by the Company, and indicates on the relevant application form applying that they do not want the shares to be issued to them to be subject to the Scheme (upon which their existing participation in the Scheme in relation to all their Ordinary Shares shall be deemed to terminate in accordance with (a) above). Upon receipt of notice of termination, all funds held by the Company on the Participant's behalf shall be returned to the Participant as soon as reasonably practical at the address set out in register of members, subject to any deductions which the Company may be entitled or bound to make hereunder.
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 Scheme;
  - (b) terminate the Scheme 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 Ordinary Shares pursuant to the Scheme.

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

Participants who wish to participate in the Scheme and who already have Ordinary Shares issued to them held in certificated form, i.e. not in CREST, should complete and sign a Mandate Form and return it no later than 15 days prior to the dividend payment date to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Personalised Mandate Forms can be obtained from Computershare Investor Services plc at the address above or by telephoning 0370 703 6324. Calls to this number cost the same as a normal local or national landline call and may be included in your service provider's tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services PLC are open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be monitored for security and training purposes.

Participants who wish to participate in the Scheme and who already have Ordinary Shares issued to them held in uncertificated form in CREST (and was in uncertificated form as at the relevant record date), the Participants can only elect to receive a dividend in the form of new Ordinary Shares by means of the CREST procedure to effect such an election for the Company. No other method of election will be permitted under the Scheme and will be rejected. By doing so, such Shareholders confirm their election to participate in the Scheme and their acceptance of the Scheme terms and conditions. If a Participant is a CREST sponsored member, they should consult their CREST sponsor, who will be able to take appropriate action on their behalf. All elections made through the CREST system should be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual. The Dividend Election Input Message submitted must contain the number of Ordinary Shares on which the election is being made. If the relevant field is left blank or completed with zero, the election will be rejected. If a Participant enters a number of Ordinary Shares greater than the holder in CREST on the relevant record date for dividend the system will automatically amend the number down to the record date holding. When inputting the election, a 'single drip' election should be selected (the Corporation Action Number for this can be found on the CREST GUI). Evergreen elections will not be permitted. Participants who wish to receive new Ordinary Shares instead of cash in respect of future dividends, must complete a Dividend Election Input Message on each occasion otherwise they will receive the dividend in cash. Elections through CREST should be received by CREST no later than 5.00 p.m. on such date that is at least 15 days before the dividend payment date for the relevant dividend in respect of which you wish to make an election. Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST Shareholder wishes to change their election, the previous election would have to be cancelled.

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 Scheme Administrator that he no longer wishes to participate in the Scheme.
13. The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participants unless in the Company's opinion the change materially affects the interests of the Participants. Amendments to the Scheme Terms and conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may be effected without notice.
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 Ordinary Shares are held or any associate of either of them, which would not have been made or not have been made on the same terms but for the Participant electing to receive new Ordinary Shares and that the Ordinary Shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purposes of which is the avoidance of tax.
15. Elections by individuals for Ordinary Shares should attract applicable VCT tax reliefs (depending on the particular circumstances of an individual) for the tax year in which the Ordinary Shares are allotted provided that the issue of Ordinary shares under the Scheme is within the investor's annual £200,000 limit. Participants and beneficial owners are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company accepts any liability in the event that tax reliefs are not obtained. The Tax Voucher can be used

to claim any relevant income tax relief either by obtaining from the HM Revenue & Customs an adjustment to the Participant's tax coding under the PAYE system or by waiting until the end of the year and using the Self Assessment Tax Return.

16. The Company will, subject to conditions 9, 10 and 19, issue Ordinary Shares in respect of the whole of any dividend payable (for the avoidance of doubt, irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the Scheme Administrator has been notified to the contrary in writing at least 15 days before a Payment Date.
17. Shareholders electing to receive Ordinary Shares rather than a cash dividend will be treated as having received a normal dividend. Shareholders qualifying for VCT tax reliefs should not be liable to income tax on shares allotted in respect of dividends from qualifying VCT shares.
18. For capital gains tax purposes, Shareholders who elect to receive Ordinary Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Ordinary Shares. The new Ordinary Shares will be treated as a separate asset for capital gains purposes.
19. The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the Scheme Administrator.
20. The amount of any claim or claims a Participant has against the Company or the Scheme Administrator shall not exceed the value of such Participant's Ordinary Shares in the Scheme. Nothing in these Scheme Terms and Conditions shall exclude the Company or the Scheme Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the Scheme Administrator will be responsible for:
  - (a) acting or failing to act in accordance with a court order of which the Scheme Administrator has not been notified (whatever jurisdiction may govern the court order); or
  - (b) forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from a Shareholder (or, where relevant, a nominee) are genuine; or
  - (c) losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the Scheme Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these Scheme Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
  - (d) any indirect or consequential loss.
21. These Scheme Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.
22. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.
23. These Scheme Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

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

# LIST OF ADVISERS TO THE COMPANY

<b>Investment Manager</b>	Octopus AIF Management Limited 6 <sup>th</sup> Floor 33 Holborn London EC1N 2HT
<b>Portfolio Manager, and Receiving Agents</b>	Octopus Investments Limited 6 <sup>th</sup> Floor 33 Holborn London EC1N 2HT
<b>Company Secretary</b>	Octopus Company Secretarial Services Limited 6 <sup>th</sup> Floor 33 Holborn London EC1N 2HT
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Sponsor</b>	Howard Kennedy Corporate Services LLP 1 London Bridge London SE1 9BG
<b>VCT Tax Adviser to the Offer</b>	Philip Hare & Associates LLP 6 Snow Hill London EC1A 2AY
<b>Solicitor</b>	Howard Kennedy LLP 1 London Bridge London SE1 9BG
<b>Registrars</b>	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>VCT Tax Adviser</b>	Shoosmiths LLP Apex Plaza Forbury Road Reading RG1 1SH
<b>Depository</b>	BNP Paribas Trust Corporation UK Limited 10 Harewood Avenue London NW1 6AA
<b>Custodian</b>	BNP Paribas SA 10 Harewood Avenue London NW1 6AA



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