

# Octopus Future Generations VCT Prospectus

**Offer for subscription by Octopus Future  
Generations VCT plc to raise up to £15  
million by way of an issue of new shares.**

**31 January 2024**



**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 Future Generations VCT plc (the "Company") dated 31 January 2024, 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 UK Prospectus Regulation.

The Company and the Directors, whose names appear on pages 26 and 27 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 Directors and the Company are aware, no facts have been omitted which may 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 UK Prospectus Regulation. Such approval shall not be considered as an endorsement of the Companies 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 Corporate Services LLP, 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 Corporate Services LLP or providing advice in connection with any matters referred to herein.

**Octopus Future Generations VCT plc**

*(registered number 13750143)*

**Prospectus relating to:**

**offer for subscription by Octopus Future Generations VCT plc for the tax years 2023/2024 and 2024/2025 to raise up to a maximum of £15 million by way of an issue of Ordinary Shares of 0.1p each\***

**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 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 Offer Shares to be listed on the premium segment of the Official List and application will be made to the London Stock Exchange for the Offer 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 Offer Shares within 10 business days of their allotment. The Offer Shares will be issued in registered form and will be freely transferable in both certificated and uncertificated form.

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Offer 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 Offer 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.

Your attention is drawn to the risk factors set out on pages 11 and 12 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 Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, purchaser or acquirer under the laws applicable to such offeree, purchaser or acquirer.

\* If the Offer is oversubscribed it may be increased by a further £5 million at the discretion of the Board.

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## SUMMARY

### Introduction and Warnings

Name and ISIN of Securities	Ordinary Shares of 0.1 pence each (ISIN: GB00BNGFHX14) ("Shares").
Identity and Contact Details of Issuer	Octopus Future Generations VCT plc (the "Company") was incorporated and registered in England and Wales on 17 November 2021 with registered number 13750143 and its registered address is 6 <sup>th</sup> Floor, 33 Holborn, London EC1N 2HT (LEI: 213800AL71Z7N2O58N66). The Company can be contacted at <a href="http://www.octopusinvestments.com">www.octopusinvestments.com</a> or by telephone on +44 800 316 2295.
Competent Authority approving the Prospectus	The Financial Conduct Authority ("FCA"), 12 Endeavour Square, London EC20 1JN, telephone 020 7066 1000.
Date of Approval of the Prospectus	31 January 2024.
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 Offer 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 17 November 2021 as a public company limited by shares under the Companies Act 2006 ("CA 2006") with registered number 13750143 (LEI: 213800AL71Z7N2O58N66). The principal legislation under which the Company operates is the CA 2006 and the regulations made thereunder.
	Principal Activities	<p>The Company's focus is on providing early stage, development and expansion funding to unquoted companies:</p> <ol style="list-style-type: none"> <li>which it believes will generate a financial return; and</li> <li>with business activities which are aligned with certain sustainability themes.</li> </ol> <p>Investments will be made in companies which fall within the following sustainability themes: building a sustainable planet, empowering people, and revitalising healthcare.</p> <p>The Company typically makes an initial investment of £0.1 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.</p>
	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 major Shareholder.

	Directors	The directors of the Company (the "Directors" or "Board") (all of whom are non-executive) are:  Helen Rachelle Sinclair (Chair)  Joanna Lesley Santinon  Emma Catherine Davies																										
	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?																												
		<table><tr><td></td><td>Annual report and financial statements for the year ended 30 June 2023 (audited)</td></tr><tr><td>Net assets (£'000)</td><td>45,418</td></tr><tr><td>Issued Shares</td><td>48,138,337</td></tr><tr><td>Net asset value per Share (p)</td><td>94.3</td></tr><tr><td>Net profit/loss before taxation (£'000)</td><td>(778)</td></tr><tr><td>Total income before operating expenses (£'000)</td><td>418</td></tr><tr><td>Performance fee (accrued/paid) (£'000)</td><td>Nil</td></tr><tr><td>Investment management fee (accrued/paid) (£'000)</td><td>(696)</td></tr><tr><td>NAV plus cumulative dividends paid (p)</td><td>94.3</td></tr><tr><td>Dividend paid per Share during the period (p)</td><td>Nil</td></tr><tr><td>Total Expenses (£'000)</td><td>(1,196)</td></tr><tr><td>As a percentage of average Shareholders' funds</td><td>3.0%</td></tr><tr><td>Earnings per Share (p)</td><td>(1.9)</td></tr></table>		Annual report and financial statements for the year ended 30 June 2023 (audited)	Net assets (£'000)	45,418	Issued Shares	48,138,337	Net asset value per Share (p)	94.3	Net profit/loss before taxation (£'000)	(778)	Total income before operating expenses (£'000)	418	Performance fee (accrued/paid) (£'000)	Nil	Investment management fee (accrued/paid) (£'000)	(696)	NAV plus cumulative dividends paid (p)	94.3	Dividend paid per Share during the period (p)	Nil	Total Expenses (£'000)	(1,196)	As a percentage of average Shareholders' funds	3.0%	Earnings per Share (p)	(1.9)
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<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>• The return received by the Company's shareholders ("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.</li> <li>• 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 venture capital trust ("VCT") tax status of the Company. Both of these may adversely affect the performance of the Company and the returns to investors.</li> <li>• The current hostilities in Ukraine and other global conflicts may have 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 current economic backdrop, with a widespread increase in the cost of living across the UK, high inflation and high interest rates and rising costs for businesses and customers may result in increased costs and reduced consumer confidence and spending, which could have a negative impact on the performance of the Company's portfolio of investments. 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>• 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 FCA's Official List (the "Official List"). It can take a number of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods. This may adversely affect the performance of the Company.</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 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, dividends and gains arising on the disposal of shares in the Company becoming subject to tax and the Company losing its exemption from corporation tax on capital gains.</li> </ul>
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### 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 ("Offer Shares") under the Offer. The ISIN of the Offer Shares is GB00BNGFHX14.
	Currency, par value and number to be issued	The currency of the Offer Shares is Sterling. The Offer Shares are ordinary shares of 0.1 pence each and pursuant to the Offer, the Company will issue up to £15 million of Offer Shares with an over-allotment facility for up to a further £5 million of Offer 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 Shares will rank equally 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 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 from shares and securities. The Company intends but cannot guarantee to pay: (i) a regular annual dividend equivalent to 5% and (ii) special dividends, where appropriate, from the proceeds of successful exits of portfolio companies that are not reinvested, commencing in both cases not earlier than in respect of the financial year beginning in 2025. The Company's ability to pay dividends is subject to the existence of realised profits, legislative requirements and the available cash reserves of the Company. No forecast or projection is implied or inferred.
Where will the securities be traded?		The existing Shares are, and an application has been made to the FCA for the Offer 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 Offer 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 Offer 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> <li>• Although the existing Shares are, and it is anticipated that the Offer Shares will be, admitted to the premium segment of the Official List and traded on the London Stock</li> </ul>



	<p>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.</p> <ul style="list-style-type: none"> <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 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 £15 million of Offer Shares are being made available under the Offer at the Offer price below (the "Offer Price"), with an over-allotment facility for up to a further £5 million of Offer Shares. The Offer Shares are payable by an applicant in full upon application. The Offer will close on 30 January 2025 or earlier if fully subscribed before then. The Board reserves the right to close the Offer earlier and to accept applications and issue Offer Shares at any time following the receipt of valid applications. An application will be made to the London Stock Exchange for the Offer 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 Offer Shares within 10 business days of their allotment.</p> <p><b>Offer Price</b></p> <p>The Offer Price will be calculated on the basis of the following formula, which is based on the latest published unaudited NAV per Share of the Company at the time of allotment adjusted to reflect the costs of the Offer set out below:</p> <p><b>The unaudited NAV per Share of the Company at the time of the allotment divided by 0.97</b></p> <p>Applicants who are existing shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1%, which is applicable throughout the entirety of the Offer. Applicants will receive this reduction in the form of additional Offer Shares, which will be paid for by Octopus Investments Limited, the Company's portfolio manager ("Octopus"). Octopus may at its discretion further reduce the costs of the Offer.</p> <p>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 Offer Shares will be rounded down to the nearest whole number (fractions of Offer Shares will not be allotted). Where there is a surplus of application funds, these will be returned to applicants (except where the amount is less than the Offer Price of one Offer Share in which case it will be donated to charity), without interest.</p> <p>The use of this formula to calculate the Offer Price will ensure that all investors in the Company effectively incur the costs of the Offer equally.</p> <p>Prior to an allotment Octopus will confirm that the most recently published NAV per Share represents fair value for the Company, if not a new NAV per Share will be published.</p> <p><b>Costs of the Offer to be paid by the Company</b></p> <p>In consideration for promoting the Offer, the Company will pay to Octopus a fee of 3% of the gross sums invested in the Offer. From this fee Octopus will discharge all external costs of advice and their own and the Company's costs in respect of the Offer.</p> <p>On this basis, if the gross sum raised under the Offer is £20 million (with the over-allotment facility fully utilised), the net proceeds available for investment by the Company will be £19.4 million.</p> <p><b>Advised Investors</b></p> <p>Where an investor has invested in the Offer through a financial adviser and has received advice,</p>
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	<p>the Company can facilitate the payment of a fee on behalf of the investor to their financial adviser of up to 4.5% of the investment amount. Any amount paid to a financial adviser under this facility will be deducted from the investment made by the investor in the Company and will not be paid by the Company.</p> <p>Funds received by the Company from investors which are to be used by the Company to facilitate payments on behalf of the investors to financial advisers will at all times be held on trust by the Company on behalf of the relevant investor and cannot form part of an investor's subscription for tax relief. Should the investor choose to pay the adviser more than the amounts set out above, the excess amount will have to be settled by the investor directly with the adviser.</p> <p><b>Non-Advised Investors</b></p> <p>Where an investor has invested in the Offer through a financial intermediary, but has not received advice in relation to their investment, Octopus (not the Company) will pay the financial intermediary ongoing commission of up to 0.5% per annum of the latest NAV of the investment amount for a period of up to seven years. The payment of the ongoing commission is conditional upon the financial intermediary continuing to act for the relevant investor, that investor continuing to be the beneficial owner of the Shares and prevailing rules and regulations. No initial commission will be paid by the Company or Octopus.</p> <p><b>Dilution</b></p> <p>The existing issued Shares in the Company will represent 70.9% 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, and with 20,554,984 Offer Shares being issued at an Offer Price of 97.3p, and on that basis Shareholders who do not subscribe under the Offer will, therefore, be diluted by 29.1%.</p>
Why is this prospectus being produced?	<p>The reason for the Offer is to enable the Company to raise funds and then use a minimum of 80% of the net 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 £20 million subscription (with the over-allotment facility fully utilised) and Offer costs of 3%, will be £19.4 million.</p> <p>The Offer is not subject to an underwriting agreement.</p> <p>Octopus and its officers, employees and consultants may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, Octopus may provide investment management services, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company. Octopus will have regard to its obligations under the investment management agreement it has entered into with the Company, including its obligations or otherwise to act in the best interests of the Company so far as is practicable having regard to its respective obligations to other clients or funds, should potential conflicts of interest arise.</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 Ukraine and other global conflicts may have 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 current economic backdrop, with a widespread increase in the cost of living across the UK, high inflation and high interest rates and rising costs for businesses and customers may result in increased costs and reduced consumer confidence and spending, which could have a negative impact on the performance of the Company's portfolio of investments. 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.

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

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 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 its portfolio. 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 the Octopus Ventures team could adversely affect the Company's ability to implement its investment policy, and, therefore, the performance of the Company.

Investments (including follow on investments) will be selected or excluded on both financial and non-financial criteria. The Company may realise an investment for reasons related to its sustainability themes, rather than solely on financial considerations. ESG investing is to a degree subjective and there is no assurance that all investments made will reflect the beliefs or values of any particular investor. Investments in investee companies deemed to be 'sustainable' may or may not carry additional or lesser risks and in the event that they carry additional risks this may adversely affect the performance of the Company and, therefore, returns to investors.

Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of an investee company. Sustainability risks can either represent a risk of their own or have a knock-on impact on others such as market, operational, liquidity or counterparty risks. Additionally, sustainability risks may have an impact on long-term risk-adjusted returns for investors. Assessment is complex and may be based on ESG data, which can be difficult to obtain, incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the assessment of this data will produce relevant conclusions. Sustainability risks may, therefore, adversely affect the performance of the Company and returns to investors.

In 2015 a sunset clause for VCT income tax relief was introduced. This was a condition of the European Commission's Risk Finance State Aid approval of the UK's VCT and EIS schemes, namely a retirement date for the schemes of midnight on 5 April 2025. Income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the relevant legislation is renewed or replaced with similar legislation before this date by an HM Treasury order. The current Finance Bill includes legislation to extend the "sunset clause" to 5 April 2035. This is subject to a Treasury Order being laid following EU approval being obtained for the continuation of the VCT Rules. It is not known whether the EU will require any other changes to the VCT legislation.

#### 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 Offer 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 their Shares within five years of issue, they 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 upfront income tax relief afforded only to subscribers of Offer 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 Offer Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Offer 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 Offer 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 Manager considers that the Offer 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, Offer Shares under the Offer shall have the right to withdraw their applications for Offer 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 Offer Shares under the Offer will remain valid and binding. Applicants who have applied for Offer 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	31 January 2024
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	5.00 pm on 27 January 2025
Closing date of the Offer	30 January 2025

- The Offer will close earlier if fully subscribed. The Board reserves the right to close the Offer earlier and to accept Applications and issue Offer Shares at any time following the receipt of valid Applications.
- The results of the Offer will be announced to the London Stock Exchange through a Regulatory Information Service provider authorised by the Financial Conduct Authority.
- Dealing is expected to commence in Offer Shares within 10 business days of allotments and share and tax certificates are expected to be dispatched within 21 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 Costs

Costs of Offer	3% of gross proceeds of Offer
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- The cost of the Offer is capped at 3% of the gross proceeds. Octopus has agreed to indemnify the Company against the costs of the Offer in excess of this amount.
- Applicants who are existing shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1%, which is applicable throughout the entirety of the Offer.

## Letter from the Chair of Octopus Future Generations VCT plc

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

31 January 2024

Dear Investor,

Following the launch of Octopus Future Generations VCT (“Future Generations VCT” or “the Company”) on 31 January 2022, it has to date successfully raised over £49 million and invested in 30 companies. I would like to thank existing Shareholders who have participated in the previous fundraisings. Given the active investment opportunities landscape, the Board is pleased to announce a new Offer for subscription, which it believes will afford investors the opportunity to continue to access a growing portfolio of early-stage companies.

### The Offer

The Company is seeking to raise £15 million under the Offer, with an over-allotment facility of a further £5 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 diversified portfolio of early-stage UK companies. Applicants who are existing shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1%, which is applicable throughout the entirety of the Offer.

### Opportunity

The Directors believe that we are living through a period of extraordinary change and intense complexity. The last couple of years has seen central banks increasing interest rates, high inflation and global conflicts. This turbulent backdrop has led to the early-stage venture space experiencing a reset, both in terms of reduced valuation multiples and funding availability. Despite these challenges, history has shown that great businesses can be founded during some of the most difficult periods and offer opportunities for businesses to thrive. We are seeing whole industries transforming at a pace not seen before, the catalyst for which is often the development, adoption and acceptance of new technology.

The Board believes that some of the best returns in the future will come from investing in companies which look to solve society’s biggest problems. These companies want to help build a better tomorrow, with the aim of allowing us, and future generations, to all to live happier, healthier and longer lives.

### Investment Process and New Opportunities

Octopus Future Generations VCT is investing into companies that fall within three themes – building a sustainable planet, empowering people and revitalising healthcare. Each company has the ambition and proposition to address a huge societal issue, ranging from inequality to climate change. Octopus Future Generations VCT invests in unquoted smaller companies utilising innovative technology, who are led by talented management teams and often in sectors prime for disruption.

### The Portfolio Manager

Octopus is the largest VCT manager in the UK. It launched its first VCT in 2002 and as at 30 September 2023 managed more than £1.7 billion across its venture funds on behalf of over 40,000 investors. The Octopus Ventures team within Octopus manages Octopus Future Generations VCT's investment portfolio.

We believe that the size and reputation of Octopus Ventures provides three main competitive advantages over other managers in the market. The first advantage relates to deal flow. Octopus engages with thousands of potential investment opportunities each year and goes on to invest in only around 1% of these. This means they can be highly selective and pick those they believe offer the most potential.

The second advantage is the size of the team. Including operating and venture partners, the team at Octopus Ventures is comprised of over 80 people. This team is split across seven areas of investment focus, each nurturing the depth of knowledge and connections necessary to help the teams they back to create world-changing companies in these areas. They are supported by a People and Talent team which offers direct support, expertise and access to programmes and platforms to help the portfolio management teams scale their portfolio companies businesses.

Finally, with £1.8 billion under management, Octopus Ventures can back companies through multiple funding rounds. This is hugely valuable for entrepreneurs looking for a partner who can support their long-term growth ambitions.

**Fund performance and target returns**

The audited net asset value (NAV) of the Company as at 30 June 2023 was 94.3p. Octopus Future Generations VCT is unlikely to profitably realise any holdings in its first three years. Long term, the ambition is to pay regular annual dividends of 5% per Share largely generated by exits from investments, supplemented by special dividends when investments are realised at significant profit, but this is unlikely to be possible until after 2025. Octopus Future Generations VCT intends in due course to adopt a dividend reinvestment scheme under which Shareholders will be given the opportunity to reinvest future dividend payments by way of subscription for new Shares, which will allow Shareholders to grow the value of their investment and receive further tax relief.

**VCT tax benefits**

VCTs are investment vehicles designed to encourage investors to support smaller, higher-risk companies. Qualifying investors are entitled to several 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 investing in a VCT.

**Risks**

Investing in early-stage companies is not without its risks. A VCT is considered a high-risk investment, and a portfolio of VCT-qualifying companies should be expected to have a proportion of failures.

**Conclusion**

The Board is optimistic about the opportunities for the Company and believes it has the potential to deliver good investment performance to Shareholders in the future. Octopus Ventures has considerable experience in sourcing outstanding entrepreneurs, backing those which achieve success both financially and non-financially, and helping negotiate with some of the world's leading companies to secure exits at profitable valuations on behalf of VCT shareholders.

I look forward to welcoming new Shareholders through this Offer.

Yours sincerely

Helen Sinclair

**Chair, Octopus Future Generations VCT plc**



## **PART ONE: THE OFFER**

### **Introduction to the Offer**

### **Terms of the Offer**

### **Use of funds**

### **Intermediary charges**

### **Investment policy**

### **Investment strategy**

### **Investment process**

### **Responsible Investment**

### **Oversight**

### **Reporting**

### **Monitoring sustainability outcomes and ESG performance**

### **Conflicts of interest**

### **Dividend policy**

### **Share liquidity**

### **Share buyback policy**

### **VCT tax relief**

### **The Board**

### **Octopus Investments limited**

### **Example investments**

### **Management remuneration**

### **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), over £1.08 billion was invested in VCTs in the 2022/2023 tax year, the second highest amount since VCTs' inception.

The Company is seeking to raise £15 million under the Offer, with an over-allotment facility of a further £5 million following its share offer last year which raised some £9.0 million. The minimum investment for a direct shareholding is £3,000. The minimum investment for investors investing indirectly via a nominee is £500. There is no maximum investment. Multiple Applications are permitted.

The net proceeds of the Offer will be invested in accordance with the Company's published investment policy, as set out below.

The Offer will remain open until 30 January 2025 unless fully subscribed at an earlier date and the Board reserves the right to close the Offer earlier and to accept applications and issue Offer Shares at any time following the receipt of valid applications. There is no minimum subscription for the Offer to proceed.

### **Terms of the Offer**

The full terms and conditions applicable to the Offer are set out on pages 61 to 65.

### **Use of funds**

The net proceeds of the Offer will be invested in accordance with the Company's published investment policy. The net proceeds of the Offer, assuming a £20 million subscription (with the over-allotment facility fully utilised) and Offer costs of 3%, will be £19.4 million.

### **Intermediary charges**

Details are set out in the Terms and Conditions on pages 61 to 65.

### **Investment policy**

The Company's focus is on providing early stage, development and expansion funding to unquoted companies:

1. which the Company believes will generate a financial return; and
2. with business activities which are aligned with certain investment themes.

Investments will be made in companies which fall within the following sustainability themes: building a sustainable planet, empowering people, and revitalising healthcare.

The Company will typically make an initial investment of £0.1 million to £10 million and may make further follow on investments into existing portfolio companies. The Company intends to hold a portfolio of largely unquoted technology and technology-enabled companies which are aligned with the Company's investment themes.

The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of portfolio companies from a number of different sectors. Concentration risk is mitigated by ensuring that at the point of investment no one investment will represent more than 15% (by value as calculated pursuant to the VCT legislation) of the Company's total investments. 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 ultimately expected to be:

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

#### Non-VCT Qualifying Investments

An active approach will be 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. It is intended that this will include 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 portfolio company's ability to sustain a competitive advantage;
- The existence of proprietary technology;
- Alignment with the Company's investment themes;
- Visibility over future revenues and recurring income; and
- The portfolio 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 published 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 strategy

Octopus Future Generations VCT is a sustainability themed investment company, backing companies that fall within the following sustainability themes: building a sustainable planet, empowering people and revitalising healthcare. The Board believes that these three sustainability themes address the key challenges facing current and future generations.

Octopus Future Generations VCT aims to achieve its investment strategy in a socially and environmentally conscious manner by investing in companies whose business activities help solve a problem or deliver a net positive desired outcome. Each investment will be selected based on an assessment of whether it will help to build a more sustainable planet, empower people or revitalise healthcare, and is expected to be held for five to ten years.

#### ***Building a sustainable planet***

The Company is at the beginning of a new paradigm. As society transitions towards a low carbon economy it is expected that the way we produce and consume food, information, materials, and energy will change in ways that will disrupt and transform existing systems.

Octopus Future Generations VCT invests in companies looking to address these challenges. This includes (but is not limited to) investing into companies that:

Decarbonise global energy systems and infrastructure through:

- Clean technology, including emissions capture technology;
- The development of carbon credits and markets and renewable energy market infrastructure; and
- Climate measurement and reporting solutions.

Protect and restore ecosystems through:

- Innovations to reduce plastic, pollution and other adverse environmental or ecological impacts; and
- Innovative agriculture including plant or cell-based meat and dairy solutions.

Create a circular economy that removes waste through:

- Innovations involving the reuse of resources; and
- Innovation in packaging.

An example of an investment made by the Company to date within this theme is Neat:

Amount invested: £0.75m

First investment date: October 2022

Stage at initial investment: Seed

**Neat provides insurance solutions for everyday products and services.**

Neat is a subscription-based insurance platform, that gives merchants the ability to provide lifetime insurance bundles to customers at highly competitive rates. The platform is simple and scalable, allowing seamless integration without technical expertise. Its application allows them to offer this service to their customers with tailored offers. Its mission is to promote more sustainable consumption through its services as protecting products extends their lifespan and therefore reduces their environmental impact, promoting repair and reconditioning

Why we like it:

Individuals and businesses will spend over £66 trillion on insurance over the next decade, yet the gap between the level of cover that people have versus their need is increasingly widening. Neat has recognised this gap and the team has seized the opportunity to offer a solution that meets customer needs.

- 700 merchants worked with
- 25 products offered

Companies that engage in environmentally destructive activities directly or through their supply chain do not meet the criteria for the theme 'building a sustainable planet' and will be excluded by Octopus for investment by the Company.

Examples include:

- Companies damaging biodiversity (for example palm oil, soy and cotton);
- Companies producing or selling pesticides and other hazardous substances that threaten the well-being of humans, animals and the environment;
- Companies directly involved in extracting or producing oil and gas, or producing equipment, making specific components for, or providing specific services to, oil and gas extraction; and
- Companies associated with intensive animal farming.

***Empowering people***

Octopus Future Generations VCT invests in businesses which are reimagining the future for society – companies who conduct or contribute to activities such as research, digital infrastructure, improving how we make things, how we communicate, living standards, how we stay secure, how we entertain, and financial inclusion, among others. This includes (but is not limited to) investing into companies that:

Increase connectivity between people through:

- Access to digital learning, infrastructure, and resources;
- Smart city and home technology solutions;
- Access to affordable financial advice and insurance solutions; and
- Access to education technology.

Evolve industry through enhanced customer service, such as:

- Robotic process automation and generative artificial intelligence;
- 3D printing and connected manufacturing;
- Deep learning, process automation, and virtual and augmented reality; and
- Cybersecurity and privacy solutions.

An example of an investment made by the Company to date within this theme is Secfix:

Amount invested: £0.5m

First investment date: January 2023

Stage at initial investment: Seed

### **Secfix automates the work required for IT security compliance audits.**

The ISO 27001 standard is like a seal of approval for a company's IT security. It helps businesses organize their people, processes, and technologies to ensure the confidentiality, availability, and integrity of information. Secfix realised that a huge problem for small businesses around the world is the methods of preparing for an ISO 27001 compliance audit. This process can be cumbersome, requiring significant company leadership focus and expensive consultancy contracts. Secfix aims to automate this process, reducing the time to completion from 12-15 months, to only 3-4 months.

#### **Why we like it**

Making things easier for smaller businesses who, otherwise, wouldn't necessarily have the ability to become as compliant is important. The manual methods for preparing for certain compliance audits are time-consuming, cost-intensive and error-prone so the founders created a company to simplify the lives of small and medium-sized businesses by enabling them to become secure and compliant in weeks rather than months and hopefully therefore enable them to grow their business further.

- 90% of work for security frameworks is automated by Secfix
- Guided their clients through the certification process with a 100% success rate in audits

Companies whose business activities either promote or are closely associated with socially adverse impacts are not aligned with the criteria for the theme 'empowering people' and will be excluded by Octopus for investment by the Company.

#### **Examples include:**

- Companies failing to consider human rights, including any company known to be involved in human rights violations, including contributing to or benefitting from structural and gross human rights violations; and
- Companies identified as high risk for the violation of employee labour rights without policies and programmes in place addressing industry-specific labour rights issues, including health and safety and working conditions.

### ***Revitalising healthcare***

The Company looks to invest in companies with solutions that help to revitalise and improve healthcare, and entrepreneurs who are improving lives through digital health, tackling taboo health issues and creating software that helps existing health systems achieve better outcomes. This includes (but is not limited to) investing into companies that:

#### **Improve physical wellness & mental health through:**

- Counselling and technology;
- Platforms and services facilitating physical activity, ageing with dignity, improved sanitation and hygiene services and products;
- Improved access to treatments, nutrition advice and mental and physical healthcare solutions;
- Addressing taboo health topics and sexual health; and
- Solving behavioural addictions.

#### **Support drug development including:**

- Solving antimicrobial resistance; and
- Small molecule and antibody development and analytics.

#### **Unlock healthcare solutions through:**

- Gene sequencing, machine learning, and big data to unlock new health diagnostics and therapies; and
- Gene and cell therapy, stem cell, general therapeutics, wound and surgery, general screening and telehealth.

An example of an investment made by the Company to date within this theme is Skin+Me:

Amount invested: £1m

First investment date: December 2022

Stage at initial investment: Series C

### **Skin+Me provides its customers with personalised skincare products delivered straight to their door.**

Pioneering a skincare revolution, Skin+Me combines 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 the expense of a consultation with a 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.

#### Why we like it

The global personalised skincare market was valued at \$18.6 billion in 2022 and is expected to hit \$43.4 billion in 2031. 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. Skin+Me strive to challenge industry standard by using recyclable packaging and offering personalised solutions that are made-to-order. The personalised skincare market is forecast to be worth \$43.4bn by 2031.

- Skin+Me has achieved an average Trustpilot score of 4.4/5 from over 7,000 reviews

Companies which cannot demonstrate that they have considered and understood the unintended consequences of healthcare related solutions, products or services would not meet the criteria for revitalising healthcare and would be excluded by Octopus for investment by the Company.

#### Examples include:

- Companies carrying out animal testing that do not have a policy and programme in place to:
  - o Reduce the number of animals used;
  - o Replace animal testing with other solutions, if possible; and
  - o Refine tests to minimise animal suffering.
- Any healthcare product or service that cannot demonstrate how it will work for the targeted population and an understanding of potential unintended consequences.

Since its launch, the Company has invested in 25 businesses as at 30 June 2023 as set out below (and further details of which are set out in Part Four):

- Apheris
- Bloom App Limited
- Correcto Inc.
- Elo Health Inc.
- HelloSelf Limited
- Infinitopes
- Inflow Holdings Inc.
- Intrinsic
- Kita Earth
- Little Journey Limited
- Living Optics
- Mr & Mrs Oliver Limited (trading as Skin + Me)
- Neat SAS
- Oto Health Inc.
- Ourotech Limited (trading as Pear Bio)
- Perci Health
- Perk Finance (trading as Cobee)
- Phlux Technology Limited
- Pivotal Future Limited
- Puraffinity Limited
- Secfix
- Tympa Health
- TYTN (trading as TitanML)
- Ufonia Limited
- Vypercore Limited

#### Investment process

Octopus Future Generations VCT seeks to 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 the Company throughout the investment process.

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

- Initial screening - each prospective investment will be initially assessed by the Octopus Ventures investment team. If it does not meet the investment theme criteria, it will not be considered any further for investment by the Company.
- Management assessment – as part of Octopus’s process of assessing the management team, the investment team will work to understand the investee company’s senior management team and culture. This will always include numerous meetings with the management team and completion of standard Anti-Money Laundering and Know Your Client procedures for company directors and any significant shareholders, and typically also includes other factors relevant for the stage and sector of business, such as: customer reference calls, Glassdoor reviews, review of publicly available information, etc.
- Responsible investment assessment – our responsible investment approach evaluates three things: does the investment generate a sustainable outcome, is the investment resilient to sustainability risks which could impact the financial performance of the investment, and whether the investment considers its wider stakeholders (employees, customers, community, and the environment). The investment managers consider this information within the investment process, and continues to track data and report on progress within annual reporting.
- Due diligence - Early-stage opportunities are first subject to in-house due-diligence, and third-party experts are often commissioned following first-stage investment committee approval and agreement of heads of terms with the businesses. Due diligence may include financial, commercial, technology, legal, and others as necessary.
- Investment Committee – the Octopus Ventures investment committee reviews the opportunity more than once prior to every investment. The committee will consider various investment case and governance factors, including for example: strength of management team, potential returns, results of any due diligence, and suitability for investment in line with the fund’s investment policy amongst other factors. It will also carefully consider the investment theme criteria and the wider ESG profile of that business when deciding whether it is an appropriate investment the Company. All investments must be approved by the investment committee .

The proposal can be rejected at any stage up to and including the Octopus Ventures investment committee approval.

### Responsible Investment

The Company has a policy in place (the "Policy"), which is set by the Board, to ensure that the Portfolio Manager considers responsible investment within investment decisions in relation to Octopus Future Generations VCT.

### Approach

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

1. **Mission:** the impact of an investment
2. **Materiality:** the materiality of sustainability issues
3. **Responsibility:** an investee company’s values, culture, and behaviour

The Portfolio Manager is responsible for implementing the Policy. As the nature of the responsible investment, the Company's investors and the wider business environment evolves, the Policy will be reviewed and if necessary updated.

### Responsible Investment Process

#### 1. Mission

The Portfolio Manager will target investments that help to build a more sustainable planet, empower people, and revitalise healthcare. To measure and manage the fund’s social and environmental impact, the Portfolio Manager follows an impact framework which includes:

- A 'theory of change' which explains how any given intervention is expected to lead to the desired social or environmental impact
- The Impact Management Project’s ‘5 dimensions of impact’

- IRIS metrics to measure an investments impact

## 2. Materiality

The Portfolio Manager will consider environmental, social and governance risks within the investment process and identify sustainability issues (including climate risks) that could impact the financial performance of an investment.

To do this, the Portfolio Manager has developed a Responsible Investment Tool which uses guidance from the Sustainability Accounting Standards Board ('SASB') to help identify and manage issues which could impact fund performance.

## 3. Responsibility

The Portfolio Manager will not engage with any person or entity on an internationally recognised 'deny list' and will not invest in any business whose activities or practices appear on Octopus Ventures' Exclusion List, which includes sectors such as tobacco, arms, fossil fuels, gambling and deforestation.

The Portfolio Manager will also request investee companies to:

- Provide safe and healthy working conditions for all;
- Treat people fairly, irrespective of race, gender, nationality, disability, political or religious beliefs;
- Accept no bribes; and
- Uphold high standards of business integrity at all times.

The Portfolio Manager believes that a company's values and culture are good indicators of future growth and has created an engagement tool (the "Engagement Tool") (developed in conjunction with B Lab UK) which is sent to all companies as part of the due diligence process and at least annually thereafter.

The Engagement Tool helps the Portfolio Manager understand whether the company considers its wider stakeholders (community, customers, people, planet & shareholders) within decision making and provides tools and guidance to help companies adopt responsible practices.

The Portfolio Manager will collect data on diversity within the portfolio and actively work with investee companies to support talent management, recruitment and diversity. A condition of investment is that an investee company will have in place a Diversity and Inclusion Policy, as well as an Anti-Harassment and Discrimination Policy within 90 days of the Company's initial investment.

## Oversight

The Portfolio Manager's responsible investment committee (the "Octopus Responsible Investment Committee") will oversee the implementation of this approach. To facilitate this, the Portfolio Manager will integrate Octopus's responsible investment tools as follows:

- The Responsible Investment Tool (to be completed by the investment team) will capture data on each investment company across all three aspects of responsible investment: mission, materiality and responsibility.
- The Engagement Tool (to be completed by the portfolio company) will provide information on each of the 5 B Corp stakeholder groups (people, environment, customers, community and governance).
- Information from these tools will feed into the Portfolio Manager's Responsible Investment Dashboard which will provide oversight over fund and firm level data. The Octopus Responsible Investment Committee will review this data in quarterly meetings.

## Reporting

The Portfolio Manager will commit to reporting on responsible investment on at least an annual basis. This reporting will cover the three-step approach to responsible investment (mission, materiality and responsibility) and will incorporate guidance from TCFD (the taskforce on climate related financial disclosures).

At a portfolio level, the Portfolio Manager will report

- % and value of investments within each sustainability theme;
- % of investee companies to put in place a Diversity and Inclusion Policy and an Anti-Harassment/Discrimination Policy within 90 days of initial investment; and
- % of companies engaged with on greenhouse gas emissions.

### **Monitoring sustainability outcomes and ESG performance**

Octopus looks to actively participate in a company's growth plans as appropriate and an Octopus employee will usually sit on the board of investment companies which allows them to play a pivotal role in the company's ongoing development.

The investment team will closely monitor a company's performance throughout the life of an investment, which will typically span five to ten years. This performance can include criteria such as market penetration factors, financial performance, and/or progress against other key metrics such as sustainability outcomes. Company performance will be reviewed regularly by the investment team and will be a significant factor when considering further investment into any one investee company.

Octopus Ventures will typically work with a company to take appropriate action to drive success further or mitigate emerging risks as needed, but there may be times when a company does not continue to meet the Company's theme criteria. As investments are made in illiquid, unquoted stocks with no readily available market, it will not usually be possible to realise the investment, but this may result in the company being deemed as unsuitable for further investment from the Company. This will be determined by the Octopus Ventures investment committee during its assessment of any follow-on investment opportunity and could result in dilution to the Company's holding in a particular investee company and/or an impact on the financial returns overall.

### **Conflicts of interest**

#### Investing alongside other Octopus funds

it is expected that the Company will invest alongside other Octopus managed funds. 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.

Octopus managed funds (including the Company) must be invested in accordance with their respective investment mandates and policies at all times. The Octopus Ventures investment committee considers this as part of its review and approval to ensure funds are invested into appropriate investee companies for each fund. If an investment meets the Company's investment policy and at least one other fund's mandate, it will be allocated between the Company and any co-investing Octopus-managed funds and services in accordance with the allocation policy (the "Allocation Policy") that has been agreed by the Board and any relevant fund board it impacts (or designated appropriate Octopus person in the case of services) at that time. Any changes to the Allocation Policy which may impact the Company will require Board approval.

#### The role of Octopus employees

The Company will often place an Octopus employee on the board of the companies it invests in, either as an observer or a director. This means the Company is able to closely monitor the investment it has made on behalf of the Company's investors. 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.

#### Managing conflicts

The Company, the Manager and Octopus have agreed policies and processes to make sure that conflicts of interests between different investor groups are managed fairly. For example, there a number of controls in place to manage any conflicts of interest where they cannot be prevented.

These include:

- The 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 as agreed from time to time, and is implemented by the Octopus Ventures Allocation Committee.



- 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 and which comprises individuals who have appropriate expertise and experience in unquoted company valuations.
- Octopus' conflicts committee is responsible for ensuring conflicts are handled appropriately, and is independent of Octopus Ventures and the Company.
- As the Company is a publicly listed company, it has its own board of directors, which is required to act independently and represent shareholders' best interests at all times, and which is ultimately responsible for ensuring the investment objectives and policy of the Company are carried out. The Board also approves the Allocation Policy.
- If the companies that the Company invests in pay a fee (for example, when making or selling an investment in a company, as well as for appointing a representative to the board of directors) then any share of that fee that relates to the Company's investment will be paid to the Company (not Octopus).

#### **Dividend policy**

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

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

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

The Company is targeting (i) a regular annual dividend equivalent to 5% and (ii) special dividends, where appropriate, from the proceeds of particularly successful exits of portfolio companies that are not utilised otherwise, commencing in both cases not earlier than in respect of the financial year beginning in 2025. The Company's ability to pay dividends is subject to the existence of realised profits, legislative requirements and the available cash reserves of the Company. No forecast or projection is implied or inferred.

The Company intends in due course to adopt a dividend reinvestment scheme under which Shareholders will be 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 below.

#### **Share liquidity**

Whilst the existing Ordinary Shares are, and it is anticipated that the Offer Shares will be, admitted to the premium segment of the Official List and traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid (which may be partly attributable to the fact that initial subscription tax reliefs are not available for VCT shares bought in the secondary market and because VCT shares typically trade at a discount to NAV per share). There may not, therefore, be a liquid market and Shareholders may find it difficult to realise their investment. Shareholders should not rely upon any share buyback policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV per Share. An investment in the Company should, therefore, be considered as a long-term investment.

## **Share buyback policy**

The Shares are intended to be traded on the London Stock Exchange's main market for listed securities. Although it is likely that there will be an illiquid market for such shares and, in such circumstances, shareholders may find it difficult to sell their Shares in the market, the Company intends to pursue an active buy back policy to improve the liquidity in the Shares where the Company may repurchase Shares which shareholders wish to sell at a discount of 5% to the latest published NAV per Share, subject to applicable regulations, market conditions at the time and the Company having both the necessary funds and distributable cash resources available for the purpose. The making and timing of any share buybacks will remain at the absolute discretion of the Board. Share buybacks will not be generally available before 2025, although the Directors will consider buybacks from the estate of deceased shareholders, subject to cash, reserves and regulations.

## **VCT tax relief**

The Directors intend to manage the Company's affairs in order that it complies with the VCT Rules. In this regard Shoosmiths LLP has been appointed to advise on tax matters generally and, in particular, on VCT status. Where requested, Shoosmiths LLP (or other suitably qualified professional advisers) will assist the Portfolio Manager (but report directly to the Board) on ascertaining the qualifying status of each investment as a Qualifying Investment or by seeking advance assurance from HMRC where appropriate. The Company must continue to satisfy the requirements of HMRC in relation to VCTs, or it is likely to lose its VCT status.

VCTs offer significant tax advantages to individual investors when compared to many other investment products. The income tax relief available on an investment is 30% up to a maximum of £200,000 invested per individual per tax year. The shares in the VCT need to be held for a minimum of five years to maintain this initial tax relief.

A summary of the tax reliefs for UK taxpayers who invest into a VCT are:

- Income tax relief of 30% of the amount invested up to £200,000 per tax year
- Dividends received by Investors from the VCT are tax free
- Capital gains made upon the disposal of the shares are tax free

VCT tax reliefs can be subject to change and are dependent on an individual's circumstances.

## **The Board**

The Board comprises three directors, two 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.

### **Helen Sinclair**

Independent Non-Executive Chair

Helen has extensive experience of investing in a wide range of small and medium-sized businesses. She has an MA from the University of Cambridge and an MBA from INSEAD Business School. She worked for 3i (1991 to 1998) and subsequently co-founded Matrix Private Equity in 2000 (which became Mobeus Equity Partners). Helen is a non-executive director of North East Finance Ltd, Sherborne Investors (Guernsey) C Limited, Shires Income plc and BlackRock Smaller Companies Trust plc.

### **Joanna Santinon**

Independent Non-Executive Director

Joanna is a chartered accountant and chartered tax adviser. She specialised in tax, transactions and private equity, and has wider experience including mergers and acquisitions, strategic investments, capital raisings and listings from a career spanning 24 years at Ernst & Young (EY), where she was a member of the London Markets Board and led the Private Tax team in London through a transformation and growth period. During her time with EY, Joanna played key roles in transactions in the UK and Europe. She co-founded the EY Women's Network, which she led for over ten years. Joanna also led the EY UK Entrepreneur of the Year Programme. She is currently a Trustee of The Centre for Entrepreneurs and a member of the School Governing Board at Sutton High School for Girls GDST. Joanna is also a non-executive director of Guinness VCT plc and Ecofin Global Utilities and Infrastructure Trust plc.

## **Emma Davies**

### **Non-independent Non-Executive Director**

Emma is the Chief Investment Officer at the Guy's & St Thomas' Foundation leading the management of their £1bn charitable endowment. Her previous role was at Octopus Ventures as co-CEO, before which she spent 5 years as a partner at Marylebone Partners, building and leading their direct investing capability. Emma has a wealth of experience, expertise and networks from a range of world class investment houses including J.P. Morgan, Perry Capital, Big Society Capital (where she was the Chief Investment Officer) and The Wellcome Trust. She has a particular interest in ESG, Impact and Responsible Investment considerations. Emma has an MA from Oxford University and an MSc from LSE.

### **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 September 2023, it had more than 670 employees and £13 billion in assets under management, of which £9.7 billion has been invested into three core themes (building a sustainable planet, empowering people and revitalising healthcare) (Source: Octopus investments Limited, 30 September 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 £1.7 billion of VCT money on behalf of over 40,000 investors. Octopus has also been given five stars at the UK Financial Adviser Service Awards for 10 years in a row.

Octopus has helped several large start-ups grow to become household names, including Zoopla Property Group, graze.com, Depop and Secret Escapes. Furthermore, four of the companies Octopus has backed have either been held or exited at over \$1bn.

### ***Octopus is a B Corporation***

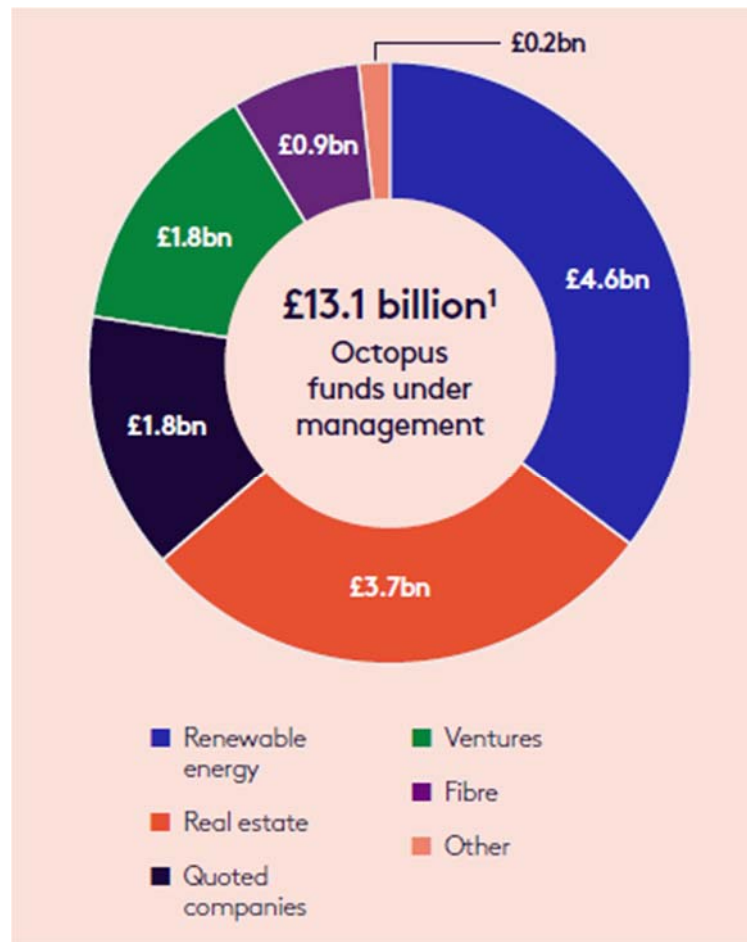
B Corporation is an independent organisation that certifies companies operating at the highest standards of social and environmental performance, accountability and transparency. It is the equivalent of a Fairtrade coffee stamp for companies.

In 2021, after eighteen months of work, Octopus became a B Corporation, joining a growing community of over 6,000 certified B Corporations working towards one unifying goal: to redefine success in business.

As a B Corporation, Octopus has chosen to change its articles of association (the rules that govern how its businesses are run) so that it considers the interests of all its stakeholders (its employees, customers, shareholders, communities and the environment) in every decision it makes.

The Octopus Group wants to demonstrate, across all Octopus companies and the funds it manages or advises, the power of business as a force for good and to inspire the companies it invests in to become partners in its vision for the future.

## Octopus Funds under Management



<sup>1</sup> As at 30 September 2023. Funds under management data includes undrawn commitments, funds under advisory mandates, funds monitored and the Octopus Cash service. It also includes funds under the management of Octopus Renewables Limited.

### Octopus Ventures

Octopus Ventures 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 China to Silicon Valley

Octopus Ventures backs pioneering entrepreneurs who are changing the world. The investment team is split to focus on predominantly seven key areas: Health, Fintech, Deep Tech, Consumer, Business-to-Business Software, Bio and Climate. Each area of focus has a dedicated investment team, which includes specialists in each sector to build a deep understanding of that sector, the opportunities within it, and the return potential, as well as build and maintain extensive networks to ensure the ability to add value to the companies in which they invest. Each area of focus has the potential to drive the Company's sustainable investment themes forward, and the investment team has previously backed a number of businesses from each area which address at least one of the themes of building a sustainable planet, empowering people and revitalising healthcare.

This vertical-based approach helps attract the best entrepreneurs, who tend to have a preference for investors who specialise in their sector. It also allows the team to find the best opportunities in each area which meet the Company's overall investment themes more efficiently while continuing to build specialist skills and expertise.

There are three key factors that differentiate Octopus Ventures from other managers in the market:

#### Track record

The team of over 80 people have been investing in exceptional, early-stage businesses for the last 16 years. With a combined experience of more than 300 years, they have proven that they are able to identify and help scale tomorrow's winners. This track record of success helps to attract the best entrepreneurs.

### *Financial firepower*

Fund raising is a hugely time-consuming process for entrepreneurs and it is far more appealing for them to choose an investor who is able to continue to invest in their business as it grows.

The Octopus Ventures team managed £1.8 billion in total as at 30 September 2023, considerably more than all other VCT managers in the UK. This means that they are able to back companies from start-up all the way through to a potential exit.

### *Value add*

The best entrepreneurs demand far more than money when they are looking for investment.

They typically want help identifying and hiring the best talent, entering new markets (particularly the US), and avoiding the pitfalls and dangers that come from growing very quickly.

As well as a dedicated talent team (which helps source the best talent for their portfolio companies), Octopus Ventures have built a global operating and venture partner network. This network is made up of individuals who have 'been there and done that', and are able to provide their expertise to the entrepreneurs.

The Octopus Ventures team has also demonstrated their ability to exit companies very successfully, returning significant proceeds back to investors. Businesses within the Ventures portfolio have been sold to Amazon, Google, Microsoft, Nestle, Etsy, Snap and Unilever.

The Octopus Ventures investment team comprises the following members:

#### **Simon King, Partner & Future Generations Lead Fund Manager**

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 and Elvie and previously sat on the board at WaveOptics (acquired by Snap). Simon's academic background is in Physics, Chemistry and Materials culminating in a PhD in organic electronics from Imperial College London.

#### **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, Climate, Bio and Business-to-Business software and created a market leading portfolio talent function across Europe and the US. Over the years he has worked closely with many Octopus VCT portfolio businesses, notably the food e-commerce business Graze (acquired by Unilever), the e-commerce 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.

#### **Malcolm Ferguson, Partner**

Malcolm joined Octopus Ventures in 2013 and splits his time between the assessment of new investment opportunities within the Fintech Team, primarily within Insurtech sectors, and ongoing portfolio management. Malcolm is a non-executive director of various Octopus VCT portfolio companies including Cred Investments, 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.

#### **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 explored taboo areas within health, resulting in multiple new investments around this theme, from substance addiction to LGBT sexual health. He's also passionate about the potential for digital therapeutics to deliver superior outcomes for some conditions, US expansion, the future of cannabinoids and novel business models within health. 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.

**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 Ampliance, Token.io, Permutive 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 the infrastructure layer in both traditional capital markets and the crypto world. He believes open ecosystems out-innovate closed ones, that plummeting transaction costs will re-organise entire industries, and that pricing new data into more efficient markets will be a driving force for economic prosperity in the next century. 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.

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

Samantha joined Octopus Ventures in 2008,. She is now Director of Operations and Fund Formation, and leads our investor relations. This includes managing various stakeholders for the funds managed, and overseeing a wide range of investment and portfolio processes. She's worked 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.

**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.

**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 all things consumer, with a particular focus on consumer tech investing, covering marketplaces, social, and more. With a background in the arts and graphic design he naturally gravitates towards brand and marketing. 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 focussed on Future Generations VCT is comprised 10 Investment Managers, 8 Associates, 3 Analysts, an Operations, Finance, Marketing and support team of 29, 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.

**Example investments****Skin+Me**

Skin+Me provides its customers with personalised skincare products delivered straight to their door.

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 personalised skincare market is forecast to be worth \$43.4bn by 2031.
- Skin+Me has achieved an average Trustpilot score of 4.4/5 from over 7,000 reviews

**Neat**

Neat provides insurance solutions for everyday products and services.

Its application is seamlessly integrated into its clients' software to allow them to offer this high value-added service to their customers with tailored offers. Neat combines technology with human integrations to efficiently cover its clients. Its mission is to promote more sustainable consumption through its services as protecting products extends their lifespan and therefore reduces their environmental impact, promoting repair and reconditioning and hence reducing overconsumption.

- 700 merchants worked with
- 25 products offered

**Secfix**

Secfix automates the work required for IT security compliance audits.

The ISO 27001 standard is like a seal of approval for your company's IT security. It helps businesses organize their people, processes, and technologies to ensure the confidentiality, availability, and integrity of information. Secfix realised that a huge problem for small businesses around the world was the methodology of preparing for an ISO 27001 compliance audit. This process can be cumbersome, requiring significant company leadership focus and expensive consultancy contracts. Secfix aims to automate this process, reducing the time to completion from 12-15 months, to only 3-4 months.

- 90% of work for security frameworks automated by Secfix
- Guided their clients through the certification process with a 100% success rate in audits

**Management remuneration****Investment Management Agreement**

Pursuant to agreement (the "Investment Management Agreement") made between the Company, Octopus AIF and Octopus dated 31 January 2022, as varied by a deed of variation dated 5 January 2023 and a sub-management agreement between Octopus AIF and Octopus (the "Sub-Management Agreement"), dated 31 January 2022 (the Investment Management Agreement and the Sub-Management Agreement together the "Management Agreements") Octopus, with effect from 25 March 2022 (the "Effective Date"), was appointed as the Company's portfolio manager to provide discretionary portfolio management services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments.

Pursuant to the Investment Management Agreement, the Manager will receive an annual fee equal to 2% of the Net Asset Value (plus VAT if applicable) (the "Management Fee") payable quarterly in advance, the first payment to be made in respect of the



period from the Effective Date to the next quarter day, until the termination of the Investment Management Agreement. The Manager will donate 10% of the Management Fee to the Octopus Giving Charitable Foundation, which was set up in 2014 to help charities make the world a better place and which, since inception has donated £1.5 million to such worthy causes. The Portfolio Manager is entitled, subject to the approval of the Company, to the reimbursement of expenses incurred in performing its duties as the Company's portfolio manager. Any transaction and introductory fees, directors' fees, monitoring fees, consultancy fees, corporate finance fees, syndication fees, exit fees and commissions in relation to portfolio companies that the Manager is entitled to receive shall be paid to the Company.

The Manager will also be entitled to a performance incentive fee payable in relation to each accounting period, subject to the Company's NAV plus cumulative dividends paid ("Total Return") at the year end exceeding the Total Return at the previous year end when an incentive fee was paid or 97p if the first incentive fee has not yet been paid (the "Excess"), equal to 20% of the Excess. No performance fee will be paid prior to 30 June 2025, and until dividends (paid or declared) are equal to or greater than 10p per Ordinary Share and the Total Return exceeds 120p. Total Return will include 'realised' and 'unrealised' gains. Realised gains are when an investee company is sold for more than the Company invested in it, crystallising the Company's profit. Unrealised gains are when an investee company's value has increased, which increases the NAV of the Company, however as the company has not been sold they are, therefore, subject to move up or down depending on the company valuation. The performance incentive fee will be reviewed and assessed against market practice, in 2030.

#### Non-Investment Services Agreement

Pursuant to an agreement dated 31 January 2022 (the "Non-Investment Services Agreement") and made between the Company and Octopus, whereby Octopus, with effect from 25 March 2022 (the "Effective Date"), provides certain administration services and company secretarial services to the Company.

Pursuant to the Non-Investment Services Agreement, Octopus will receive an annual fee equal to 0.3% of the Net Asset Value (plus VAT if applicable), payable in four quarters (pro rata for any period of less than a quarter) in advance, the first payment to be made on the Effective Date for the period from the Effective Date to the next quarter day, until the termination of the Non-Investment Services Agreement.



## 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 Offer 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 Offer Shares and where the Offer 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 provisional approval as a VCT under Chapter 3 of Part 6 ITA 2007.

### 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 Offer 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 Offer Shares of up to a maximum of £200,000 under the Offer in each of the 2023/24 and 2024/25 tax years. The relief is subject to an amount which reduces the investor's income tax liability for the tax year to nil. Each application creates an entitlement to income tax relief of 30% of the amount invested. To retain that relief the Offer 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.

###### **1.2 Dividend relief**

Dividends paid on ordinary shares in a VCT are free of income tax. VCT status will be withdrawn if a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. Dividends paid from realised profits may be made without loss of VCT status. 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 full approval or provisional approval as a VCT subsequently fails to comply with the conditions for that 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 from those share issues 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, at least 70%, by value, of the VCT's Qualifying Investments must be 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;
- (viii) the VCT must not make an investment in a company which causes that company to receive more than £5 million of State Aid investment in the 12 months ending on the date of the investment (£10 million for a Knowledge Intensive Company);
- (ix) the VCT must not return capital to shareholders (or make any payment from share capital or share premium) before the third anniversary of the end of the accounting period during which the subscription for shares occurs;

- (x) no investment can be made by the VCT into a company which causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime. A subsequent acquisition by the company of another company that has previously received Risk Finance State Aid can cause the lifetime limit to be exceeded in certain circumstances;
- (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, (10 years from the first commercial sale or the end of the accounting period where revenue first exceeded £200,000 for a Knowledge Intensive Company) except where previous Risk Finance State Aid was received by the company within 7 years (10 years from the first commercial sale or the end of the accounting period where revenue first exceeded £200,000 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 nor any intellectual property or goodwill previously employed in a 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 some 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, amongst other things, 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 any form of energy, 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 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 nor can the investee company control any company which is not a qualifying subsidiary. The investee company cannot be in financial difficulty. At least 10% of the VCT's total investment in the investee company must be in eligible shares, as described above. The company cannot receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime. The company's first commercial sale must be no more than 7 years (10 years from the first commercial sale or the end of the accounting period where revenue first exceeded £200,000 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 (10 years from the first commercial sale or the end of the accounting period where revenue first exceeded £200,000 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. Funds received from an investment by a VCT cannot be used to acquire shares in another company nor another existing business or trade.

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

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

### **5.2 Taxation of a VCT**

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

### PART THREE: FINANCIAL INFORMATION RELATING TO THE COMPANY

Audited financial information relating to the Company is published in the annual report and financial statements for the year ended 30 June 2023. The report, which was audited by BDO LLP of 55 Baker Street, London, W1U 7EU, was without qualification and contained no statements under section 498(2) or (3) of the CA 2006. The report was prepared in accordance with Financial Reporting Standard 102 and contains a description of the Company's financial condition, changes in financial condition and results of operation for the year ended 30 June 2023 and the pages of the report referred to below are being incorporated by reference and can be accessed at the following website:

**[www.octopusinvestments.com](http://www.octopusinvestments.com)**

Those parts of the above report that are not incorporated are either not relevant to investors or are covered elsewhere in the Prospectus.

Such information includes the following:

	<b>Annual report and financial statements for the year ended 30 June 2023 (audited)</b>
Balance Sheet	Page 63
Income Statement (or equivalent)	Page 62
Statement showing all changes in equity (or equivalent note)	Page 64
Cash Flow Statement	Page 66
Accounting Policies and Notes	Pages 67-80
Auditor's Report	Pages 56-61

Such information also includes operating/financial reviews as follows:

	<b>Annual report and financial statements for the year ended 30 June 2023 (audited)</b>
Performance Summary	Pages 2-3
Results	Pages 2-3
Investment Policy	Page 35
Outlook	Page 3
Manager's Review	Pages 13-20
Portfolio Summary	Page 81

Business Review                      Pages 35-37

Valuation Policy                      Pages 67-68

As at 30 June 2023, the date of the latest audited NAV per Share, the audited NAV per Share was 94.3p.

## PART FOUR: INVESTMENT PORTFOLIO OF THE COMPANY

The investment portfolio of the Company as at the date of this document is as follows (the valuations being the audited valuations as at 30 June 2023 and representing 54.8% of the NAV of the Company as at 30 June 2023).

### Investments held by the Company as at 30 June 2023

Company	Theme	Investment Cost as at 30 June '23 (£'000)	Unrealised Profit / Loss (£'000)	Value as at 30 June '23 (£'000)	Valuation as % of Net Assets
<b>Tympa Health</b>	Revitalising healthcare	2,685	0	2,685	5.9%
<b>HelloSelf Limited</b>	Revitalising healthcare	2,551	0	2,551	5.6%
<b>Perk Finance (trading as Cobee)</b>	Empowering people	2,568	-33	2,535	5.6%
<b>Ourotech Limited (trading as Pear Bio)</b>	Revitalising healthcare	2,014	0	2,014	4.4%
<b>Infinitopes</b>	Revitalising healthcare	1,611	0	1,611	3.5%
<b>Mr &amp; Mrs Oliver Limited (trading as Skin + Me)</b>	Revitalising healthcare	991	311	1,302	2.9%
<b>Apheris</b>	Revitalising healthcare	1,246	-16	1,230	2.7%
<b>Elo Health Inc.</b>	Revitalising healthcare	1,257	-188	1,069	2.4%
<b>Inflow Holdings Inc.</b>	Revitalising healthcare	1,012	-37	975	2.1%
<b>Intrinsic</b>	Empowering people	880	0	880	1.9%
<b>Other</b>		8,076	-33	8,043	17.7%
<b>Total Portfolio Investments</b>		<b>24,891</b>	<b>4</b>	<b>24,895</b>	<b>54.8%</b>
<b>Money Market Funds</b>				20,140	
<b>Cash</b>				152	
<b>Total Investments</b>				<b>45,187</b>	
<b>Other Net Assets</b>				231	
<b>Total Net Assets</b>				<b>45,418</b>	

#### Investments made by the Company since 30 June 2023

Since 30 June 2023 there have been a further 6 investments made, which includes 5 new investments and 1 tranching investment into an existing company. These are currently held at cost and will be revalued in the next financial statements being released.

Company	Theme	Investment Cost (£'000)
Puraffinity Limited	Building a sustainable planet	32
Awell Health BV	Revitalising healthcare	242
Pencil Biosciences	Revitalising healthcare	218
Metris Energy, Inc	Building a sustainable planet	102
Comind	Revitalising healthcare	796
CellVoyant	Revitalising healthcare	581

Since 30 June 2023 there have been no disposals.

All the portfolio companies are incorporated in the UK and none of these portfolio companies are admitted to trading on a regulated market.



## PART FIVE: ADDITIONAL INFORMATION ON THE COMPANY

### 1. The Company

- 1.1 The Company was incorporated and registered in England and Wales on 17 November 2021 under the name Octopus Future Generations VCT plc with registered number 13750143 as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act. The legal and commercial name of the Company is Octopus Future Generations VCT plc.
- 1.2 On 22 December 2021 the Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 833 of the Act. On 4 January 2022 the Registrar of Companies issued the Company with a trading certificate under section 761 of the Act.
- 1.3 The Company is domiciled on England. The LEI of the Company is 213800AL71Z7N2O58N66.

### 2. Share capital

- 2.1 The Company was incorporated with two ordinary shares issued fully paid to the subscribers to the memorandum of the Company.
- 2.2 By ordinary and special resolutions passed on 11 December 2023:
  - 2.2.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot Shares in the Company or to grant rights to subscribe for or to convert any security into Shares. This power was limited to the allotment of up to a maximum of 57,766,004 Shares (representing approximately 120% of the Shares in issue as at 17 October 2023). Such authority expires 15 months from the date of the resolution or, if earlier, at the conclusion of the annual general of the Company to be held in 2024 (unless previously revoked, varied or extended by the Company in general meeting);
  - 2.2.2 the Directors were empowered (pursuant to section 571 of the Act) to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority referred to in paragraph 2.2.1 above as if section 561 of the Act did not apply to any such allotment, such power to expire 15 months following the passing of the resolution or, if earlier, at the conclusion of the annual general of the Company to be held in 2024 (unless previously renewed or extended by the Company in general meeting). This power was limited to the allotment of equity securities in connection with the authority referred to at paragraph 2.2.1 above.
- 2.3 On 17 December 2021, 50,000 Redeemable Preference Shares in the Company were allotted and issued to Octopus and paid up as to one-quarter so as to enable the Company to obtain a certificate under section 761 of the Act. Once fully paid up, the Redeemable Preference Shares will be redeemed by the Company out of the proceeds of the Company's offer for subscriptions. Each of the Redeemable Preference Shares which is redeemed shall automatically be cancelled.
- 2.4 Save as disclosed in paragraphs 2.1 and 2.3, since the date of its incorporation, no share or loan capital of the Company or any subsidiary has (except pursuant to the 2022 Offer and 2023 Offer) been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, for cash or any other consideration. No commissions, discounts, brokerages, or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital since its incorporation.
- 2.5 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.6 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00BNGFHX14 and the SEDOL code is BNGFHX1.
- 2.7 At the date of this document the issued fully paid share capital of the Company is:

<i><b>Class of shares</b></i>	<i><b>Nominal value</b></i>	<i><b>Issued (fully paid)</b></i>	
		<i><b>£</b></i>	<i><b>Number</b></i>
Ordinary Shares	0.1p	50,166	50,165,822

- 2.8 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming (i) the Offer is fully subscribed, including full utilisation of the over-allotment facility and (ii) that the Offer Price is either 97.3p or 77.8p) will be as follows:

<i><b>Class of shares</b></i>	<i><b>Nominal value</b></i>	<i><b>Issued (fully paid) (Offer Price = 97.3p)</b></i>		<i><b>Issued (fully paid) (Offer Price = 77.8p)</b></i>	
		<i><b>£</b></i>	<i><b>Number</b></i>	<i><b>£</b></i>	<i><b>Number</b></i>
Ordinary Shares	0.1p	70,721	70,720,806	75,873	75,872,762

- 2.9 The Company will be subject to the continuing obligations of the FCA and the London Stock Exchange with regard to the issue of securities for cash and the provisions of section 561 of the Act (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the Company to the extent any such issues are not subject to the dis-application referred to in sub-paragraph 2.2.2 above.

### 3. Articles of Association

- 3.1 The articles of association of the Company provide that its principal object is to carry on the business of a Venture Capital Trust and that the liability of members is limited.

- 3.2 The articles of association of the Company, which were adopted by special resolution on 27 January 2022 (as amended on 11 December 2023), contain, inter alia, provisions to the following effect:

#### 3.2.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 3.2.5 below and subject to any special terms as to voting on which any Shares may be issued, on a show of hands every member present in person (or being a corporation, present by authorised representative) shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every Share of which they are the holder. The Shares shall rank pari passu as to rights to attend and vote at any general meeting of the Company.

#### 3.2.2 Rights Attaching to the Redeemable Preference Shares

Each of the Redeemable Preference Shares carries the right to a fixed, cumulative, preferential, dividend of 0.1% per annum (exclusive of any imputed tax credit available to shareholders) on the nominal amount thereof, but confers no right to vote except as otherwise agreed by the holders of a majority of the Shares. On a winding-up, the Redeemable Preference Shares confer the right to be paid the nominal amount paid on such shares. The Redeemable Preference Shares are redeemable at any time by the Company and by the holder. Each Redeemable Preference Share which is redeemed, shall, thereafter, be cancelled without further resolution or consent.

#### 3.2.3 Transfer of Shares

The Ordinary Shares are in registered form and will be freely transferable. All transfers of Ordinary 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 an Ordinary 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:

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

#### 3.2.4 Dividends

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, 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 an Ordinary 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.

#### 3.2.5 Disclosure of Interest in Ordinary Shares

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 42 days (or 28 days where the shares represent at least 0.25% of its entire issued share capital) 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 Act, 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.

#### 3.2.6 Distribution of Assets on Liquidation

On a winding-up, any surplus assets of the Company will be divided amongst the holders of its Shares according to the respective numbers of Shares held by them in the Company and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges. The Company's articles of association provide that the liquidator may, with the sanction of a resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

#### 3.2.7 Changes in Share Capital

- 3.2.7.1 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 Act, the Company may issue shares, which are, at the option of the Company or the holder, liable to be redeemed.
- 3.2.7.2 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, subdivide 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.

3.2.7.3 Subject to the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the Act (and by resolution of the holders of the shares repurchased where such shares are convertible shares), purchase its own shares.

### 3.2.8 Variation of Rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than 75% 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.

### 3.2.9 Directors

Unless and until otherwise determined by the Company in general meeting, the number of Directors shall not be less 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 less 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 their hand appoint (a) any other Director, or (b) any other person who is approved by the Board of Directors as hereinafter provided, to be their alternate. A Director may at any time revoke the appointment of an alternate appointed by them. Every person acting as an alternate Director 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 Act, 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 of the Company may continue to be or become a Director or other officer, servant or member of any company promoted by the Company or in which it 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 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.

### 3.2.10 Directors' Interests

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

3.2.10.2 Provided that they have declared their interest in accordance with paragraph 3.2.10.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of being a Director, for any benefit that they derive from such office or interest or any such transaction or arrangement.

3.2.10.3 A Director shall not vote nor be counted in the quorum at a meeting of the

Directors in respect of a matter in which they have any material interest otherwise than by virtue of their interest in shares, debentures or other securities of, or otherwise in or through the Company, unless their interest arises only because the case falls within one or more of the following paragraphs:

- (a) the giving to the Director of any guarantee, security or indemnity in respect of money lent or an obligation incurred by the 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 the 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 the Director of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of the 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 the 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 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 the Director in respect of any negligence, breach of duty or breach of trust for which the Director may be guilty in relation to the Company or any of its subsidiaries of which the Director is a director, officer or auditor.

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

### 3.2.11 Remuneration of Directors

3.2.11.1 The ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that, unless otherwise approved by the Company in general meeting, the aggregate ordinary remuneration of such Directors, including fees from the Company, shall not exceed £175,000 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.

3.2.11.2 Any Director who, by request of the Directors, performs special services for any

purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.

3.2.11.3 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.

#### 3.2.12 Retirement of Directors

A Director shall retire from office at or before the third annual general meeting following the annual general meeting at which the Director 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 a Director despite having attained any particular age.

#### 3.2.13 Borrowing Powers

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

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

#### 3.2.14 Uncertificated Shares

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996.

The Company's articles of association are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertificated Securities Regulations 2001.

The Company anticipates that it will enter the CREST system on admission of the Shares to the London Stock Exchange.

#### 3.2.15 General Meetings

The Company shall, within 6 months of a company's financial year end, at such time and place as may be determined by the Directors, hold a general meeting as its annual general meeting in addition to any other meetings in that year.

The Directors may, whenever they think fit, convene a general meeting of the Company, and general meetings shall also be convened on such requisition or in default may be convened by such requisitions as are provided by the Act. Any meeting convened under this Article by requisitions shall be convened in the same manner as near to as possible as that in which meetings are to be convened by the Directors. The Articles allow meetings of the Company to take place, if necessary, by electronic means and at more than one location.

An annual general meeting shall be called by not less than twenty-one days' notice in writing, and, all other general meetings of the Company shall be called by not less than fourteen days' notice in writing, or such other notice period as may be required by the Act. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall specify the place, the day and hour of meeting, and, in the case of special business, the general nature of such business. The notice shall be given to the members (other than those who, under the provisions of the articles or the terms of issue of the shares they hold, are not entitled to receive notice from the Company), to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an ordinary resolution as the case may be shall specify the intention to propose the resolution as such.

In every notice calling a meeting of the Company or any class of the members of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of the member, and that a proxy need not also be a member.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than fourteen days and not more than twenty-eight days hence) and at such place as the Chair shall appoint. At any such adjourned meeting the member or members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. The Company shall give not less than seven clear days' notice of any meeting adjourned for the want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum.

The Chair 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.

#### 4. Directors and Other Interests in the Company

4.1 Neither the Company nor the Directors are aware of any person who, immediately after the close of the Offer (assuming full subscription with the over-allotment facility fully utilised), will 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 or ownership over the Company.

4.2 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:

<i><b>Name</b></i>	<i><b>Number of Ordinary Shares</b></i>	<i><b>Percentage of total Ordinary Shares</b></i>
Helen Sinclair	14,548	0.03%
Joanna Santinon	72,744	0.15%
Emma Davies	14,548	0.03%

4.3 The interests of the Directors (and their immediate families) in the share capital of the Company, all of which are beneficial, as they are expected to be following the close of the Offer, and of persons connected to the Directors (and their immediate families) and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director, will be as set out below together with the percentages which such interests represent of the Shares in issue assuming (i) the Offer is fully subscribed (with the over-allotment facility fully utilised) and (ii) 20,554,984 Offer Shares being issued at an Offer Price of 97.3p:

<i><b>Name</b></i>	<i><b>Number of Ordinary Shares</b></i>	<i><b>Percentage of total Ordinary Shares</b></i>
Helen Sinclair	14,548	0.02%
Joanna Santinon	72,744	0.10%

Emma Davies	14,548	0.02%
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- 4.4 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.
- 4.5 The Company's major Shareholders do not have different voting rights.
- 4.6 No Director is or has since the period from the Company's incorporation been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 4.7 No loans made or guarantees granted or provided by the Company to or for the benefit of any director are outstanding.
- 4.8 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 21 January 2022, each of which is terminable upon either party giving to the other 3 months' written notice. All the Directors are non-executive directors. Save in respect of these letters of appointment, no member of any administrative, management or supervisory body has a service contract with the Company.
- 4.9 There are no family relationships between any of the Directors or members of the Manager or the Portfolio Manager.
- 4.10 During the five years immediately prior to the date of this document, the Directors have been members of the administrative, management or supervising bodies or parties of the entities specified below (excluding subsidiaries of any company of which he is also a member of the administrative, management or supervisory body):

Name	Position	Name of company/partnership	Positions still held
Helen Sinclair	Director	W H Ireland Group plc	No
	Director	W H Ireland Limited	No
	Director	North East Finance (Holdco) Limited	Yes
	Director	North East Finance (Subco) Limited	Yes
	Director	94 Goldhurst Terrace Limited	Yes
	Director	16 Dennington Park Road Limited	Yes
	Director	39 Homer Street Management Limited	Yes
	Director	Hemstall Road Residents Co Limited	Yes
	Director	Shires Income plc	Yes
	Director	Blackrock Smaller Companies Trust plc	Yes
	Director	Sherborne Investors (Guernsey) C Limited	Yes
	Director	British Smaller Companies VCT plc	No
	Director	Mobeus Income & Growth 4 VCT plc	No



	Director	The Income & Growth VCT plc	No
	Director	Rockwood Strategic plc	No
Joanna Santinon	Director	Ecofin Global Utilities and Infrastructure Trust Plc	Yes
	Director	Guinness VCT plc	Yes
	Trustee	The Centre for Entrepreneurs Ltd	Yes
	LLP Member	Ersnt & Young LLP	No
	LLP Member	Ernst & Young Europe LLP	No
Emma Davies	Director	Baillie Gifford European Growth Trust plc	Yes
	Director	GSTC Health Innovations Limited	Yes
	Director	GSTC Property Investments Limited	Yes
	Director	Riverstone Credit Opportunities Income plc	Yes
	Director	10 Stanley Gardens Limited	Yes
	Director	EdTechX Holdings Acquisition Corp. II	No
	LLP Member	Marylebone Partners LLP	No

4.11 None of the Directors in the five years prior to the date of this Prospectus:

- 4.11.1 save as set out in paragraph 4.10 above, is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership;
- 4.11.2 has any unspent convictions in relation to fraudulent offences;
- 4.11.3 save as set out in paragraph 4.10 above, has had any bankruptcies, receiverships or liquidations or administrations through acting in the capacity of a member of any administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; and
- 4.11.4 has had any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a Court from acting as a member of the administrative management or supervisory bodies of any company or firm acting, or in the management or conduct of the affairs of, any company or firm.

4.12 No Shares are being reserved for allocation to existing Shareholders, Directors or employees.

4.13 The Company has taken out directors' and officers' liability insurance for the benefit of the Directors.

4.14 The estimated aggregate remuneration for the Company, including benefits in kind, to be paid to the Directors in the financial period ending 31 December 2024 based on the arrangements currently in place with each Director, will not exceed £175,000.

- 4.15 No Director or, save as set out under the heading "Conflicts of Interest" in Part One, member of the investment adviser team has any potential conflict of interest between their duties to the Company and their private interests or other duties.
- 4.16 There are no restrictions agreed by any Director, the Manager or Portfolio Manager on the disposal within a certain time period of any holdings in the Company's securities.
- 4.17 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.
- 4.18 None of the Directors or employees of the Manager or Portfolio Manager have any service contract with the Company providing for benefits upon termination of employment. See paragraph 5.5 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committee of the Company comprises the Board, is chaired by Joanna Santinon 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:
- 4.19.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
  - 4.19.2 to review and approve the external auditor's terms of engagement and remuneration; and
  - 4.19.3 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.
- 4.20 The Company has established a nomination and remuneration committee which comprises the independent non-executive Directors and which is chaired by Helen Sinclair and which meets at least annually. The committee considers the composition of the Board and its committees and also has responsibility for setting the remuneration policy for the non-executive Directors.
- 4.21 The Company has established a management engagement committee which comprises the independent non-executive Directors and which is chaired by Joanna Santinon and which meets at least annually. The committee is responsible for evaluating the performance of the Manager and other third-party service providers engaged by the Company.

## 5. **Material Contracts**

The following constitutes a brief summary of the principal contents of each material contract entered into by the Company, otherwise than in the ordinary course of business, since incorporation. There are no other contracts, not being contracts entered into in the ordinary course of business, entered into by the Company which contain any provision under which the Company has an obligation or entitlement which is material to the Company as at the date of this document:

### 5.1 Offer Agreement

An agreement dated 31 January 2024, 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 Offer Shares. Under the agreement Octopus is paid an initial fee of 3% of the gross sums invested in the Offer, 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 £20 million under the Offer, including the over-allotment facility, an initial fee of 3% will equal £0.6 million, which represents 1.3% per cent of the Company's net assets as shown in its audited financial statements for the year 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 costs of the Offer exceeding 3% of the gross proceeds of the Offer.

## 5.2 January 2023 Offer Agreement

An agreement dated 19 January 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 2023 Offer and Octopus agreed to use reasonable endeavours to procure subscribers for Shares under the 2023 Offer. Under the agreement Octopus was paid an initial fee of 3% of the gross sums invested in the 2023 Offer, and agreed to discharge all external costs of advice and their own costs and the Company's costs in respect of the 2023 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 to the 2023 Offer. 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 2023 Offer was untrue, any material omission from that prospectus arose or any material breach of warranty occurred. Octopus also agreed to indemnify the Company against the costs of the 2023 Offer exceeding 3% of the gross proceeds of the 2023 Offer.

## 5.3 January 2022 Offer Agreement

An agreement dated 31 January 2022, 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 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 3% of the gross sums invested in the 2022 Offer, and agreed to discharge all external costs of advice and their own costs and the Company's costs 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 to the 2022 Offer. 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 also agreed to indemnify the Company against the costs of the 2022 Offer exceeding 3% of the gross proceeds of the 2022 Offer.

## 5.4 Investment Management Agreement

An agreement (the "Investment Management Agreement") made between the Company, Octopus AIF and Octopus dated 31 January 2022, as varied by a deed of variation dated 5 January 2023 and a sub-management agreement between Octopus AIF and Octopus (the "Sub-Management Agreement"), dated 31 January 2022 (the Investment Management Agreement and the Sub-Management Agreement together the "Management Agreements") whereby Octopus, with effect from 25 March 2022 (the "Effective Date"), was appointed as the Company's portfolio manager to provide discretionary portfolio management services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments. Pursuant to the Management Agreements, the Portfolio Manager will arrange for, in a manner satisfactory to the Board, the custody of the Company's assets (the identity of the custodian to hold those assets on the Company's behalf being agreed by the Board in advance), settlement of transactions and the banking of cash derived from transactions, interest and dividends or other moneys received or collected for the benefit of the Company and charges and expenses. Pursuant to the Investment Management Agreement and the Depositary Agreement referred to at paragraph 5.6 of this Part Three, the Company's investments (including all financial instruments and any other assets that the Company may invest in) will be held in the name of the Company or in the name of the Manager on behalf of the Company. In the event that the Company is not required to have a depositary, the Investment Management Agreement provides that the Company's investments will be held in the name of the Company or, subject to the agreement of the Company, in the name of such other party in accordance with the rules of the FCA for the time being in force.

The Company is classified by the FCA as an alternative investment fund (an "AIF") and must have a single alternative investment fund manager (an "AIFM") responsible for providing, 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. Octopus AIF is the Company's AIFM, with the Octopus Ventures team at Octopus managing the Company's investment portfolio pursuant to the Sub-Management Agreement.

Pursuant to the Investment Management Agreement, the Manager will receive an annual fee equal to 2% of the Net Asset Value (plus VAT if applicable) (the "Management Fee") payable quarterly in advance, the first payment to be made in respect of the period from the Effective Date to the next quarter day, until the termination of the Investment Management Agreement. The Manager will donate 10% of the Management Fee to the Octopus Giving

Charitable Foundation, which was set up in 2014 to help charities make the world a better place and which, since inception has donated more than £1 million to such worthy causes. The Portfolio Manager is entitled, subject to the approval of the Company, to reimbursement of expenses incurred in performing its duties as the Company's portfolio manager. Any transaction and introductory fees, directors' fees, monitoring fees, consultancy fees, corporate finance fees, syndication fees, exit fees and commissions in relation to portfolio companies that the Manager is entitled to receive shall be paid to the Company.

The Manager will also be entitled to a performance incentive fee payable in relation to each accounting period, subject to the Company's NAV and cumulative dividends paid ("Total Return") at the year end exceeding the Total Return at the previous year end when an incentive fee was paid or 97p if the first incentive fee has not yet been paid (the "Excess"), equal to 20% of the Excess. No performance fee will be paid prior to 30 June 2025, and until dividends (paid or declared) are equal to or greater than 10p per Ordinary Share and the Total Return exceeds 120p. Total Return will include 'realised' and 'unrealised' gains. Realised gains are when an investee company is sold for more than the Company invested in it, crystallising the Company's profit. Unrealised gains are when an investee company's value has increased, which increases the NAV of the Company, however as the company has not been sold they are, therefore, subject to move up or down depending on the company valuation.

The Investment Management Agreement will continue unless and until it is terminated by the parties thereto giving to the others not less than 24 months notice in writing, such notice not to be given before the fourth anniversary of the agreement. The Investment Management Agreement is subject to earlier termination by the parties in certain circumstances.

Octopus has agreed to indemnify the Company by such amount (the "Indemnity Amount") as is equal to the excess by which the normal annual expenses of the Company exceeds 3% of the Company's NAV, calculated on an annual basis, the Indemnity Amount to be capped in any accounting period to the Management Fee payable in that accounting period. Normal annual expenses means the annual expenses of the Company incurred in its ordinary course of business and includes the annual investment management, administration, and secretarial fees, directors' remuneration, normal fees payable to the Company's registrars, stockbroker, auditors, solicitors and VCT status advisers. It does not include any exceptional items, bad debt expenses related to investments, annual trail commission or irrecoverable VAT thereon.

#### 5.5 Non-Investment Services Agreement

An agreement dated 31 January 2022 (the "Non-Investment Services Agreement") and made between the Company and Octopus, whereby Octopus will, with effect from 25 March 2022 (the "Effective Date"), provide certain administration services and company secretarial services to the Company.

Pursuant to the Non-Investment Services Agreement, Octopus will receive an annual fee equal to 0.3% of the Net Asset Value (plus VAT if applicable), payable in four quarters (pro rata for any period of less than a quarter) in advance, the first payment to be made on the Effective Date for the period from the Effective Date to the next quarter day, until the termination of the Non-Investment Services Agreement.

The Non-Investment Services Agreement will continue unless and until it is terminated by the parties thereto giving to the others not less than 12 months notice in writing, such notice not to be given before the end of the second anniversary of the agreement. The Non-Investment Services Agreement is subject to earlier termination by the parties in certain circumstances.

#### 5.6 Directors' Letters of Appointment

Each of the Directors entered into an agreement with the Company dated 21 January 2022 as referred to in paragraph 4.8 above whereby she is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as non-executive director. Helen Sinclair is entitled to receive an annual fee of £37,100, Joanna Santinon is entitled to receive an annual fee of £29,700 which includes £3,000 for her additional responsibilities as Chair of the Audit Committee and Emma Davies is entitled to receive an annual fee of £26,500. Each party can terminate the agreement by giving to the other at least 3 months' written notice. No benefits are payable on termination.

## 5.7 Depositary Agreement

A depositary agreement (the "Depositary Agreement") dated 31 January 2022 between the Company (1), Thompson Taraz Depositary Limited (the "Depositary") (2) and the Manager (3) pursuant to which the Depositary provides cash monitoring, oversight duties including overseeing the safekeeping by the Manager (or by the Portfolio Manager if such safekeeping has been delegated to the Portfolio Manager by the Manager) of the Company's investments (including all financial instruments and any other assets that the Company may invest in) as well as such other services as agreed by the parties to the Depositary Agreement (the "Services"). Pursuant to the Depositary Agreement the Company's investments will be held in the name of the Company, or in the name of the Manager, on behalf of the Company.

The Depositary is a limited company registered in England and Wales with registration number 06043483, whose registered office is at 4<sup>th</sup> Floor, Stanhope House, 47 Park Lane, London W1K 1PR. The Depositary is authorised and regulated by the FCA in the conduct of its regulated activity.

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 Depositary on 3 months prior written notice, or 6 months prior written notice in the event that the Company requires and has not appointed an alternative depositary, and by the Company or the Manager on 1 month's 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.

## 6. General

- 6.1 The principal place of business and registered office of the Company is at 33 Holborn, London EC1N 2HT. The telephone number of the Company is +44 800 316 2295 and its website address is: <https://octopusinvestments.com/contact/>. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus. The Company has no subsidiaries or associated companies.
- 6.2 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effect on the Company's financial position or profitability.
- 6.3 The Company does not have, nor has it had since incorporation, any employees and it neither owns nor occupies any premises.
- 6.4 Save as disclosed in paragraphs 5.1 to 5.3 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.
- 6.5 On 18 October 2023, the Company notified Companies House that its accounting period ending on 30 June 2024 was being extended to 31 December 2024 and that its accounting reference date will be 31 December in subsequent years.
- 6.6 Octopus was incorporated and registered in England and Wales on 8 March 2000 under the Companies Act 1985 with registered number 03942880 as a private company limited by shares. Octopus AIF was incorporated and registered in England and Wales on 4 December 2013 under the Act with registered number 08802172 as a private company limited by shares. The address of Octopus' and Octopus AIF's registered office is 6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT. The principal legislation under which Octopus and Octopus AIF operate is the Act and regulations made thereunder. Octopus and Octopus AIF are authorised and regulated by the FCA. Octopus AIF is the Company's investment manager pursuant to the agreement set out at paragraph 5.3 of this Part Three and Octopus is the Company's portfolio manager pursuant to that agreement. The telephone number of Octopus and Octopus AIF is +44 800 316 2295 and their website is [www.octopusinvestments.com](http://www.octopusinvestments.com). The information on their website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.
- 6.7 The Offer is not underwritten. The expenses of and incidental to the Offer and the listing of the Shares, including registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses, are payable by Octopus. If the maximum of £20 million is raised under the Offer (assuming the over-allotment facility

is fully utilised and Offer costs of 3%), the net proceeds of the Offer will amount to £19.4 million.

- 6.8 Save in connection with the Offer, the 2022 Offer and the 2023 Offer, Shares have not been marketed to and are not available to the public. Market makers will not be offered the opportunity to subscribe for Shares under the Offer.
- 6.9 BDO LLP agreed to be appointed as auditor of the Company on 6 December 2021. It is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales. The Company shall take all reasonable steps to ensure that its auditor is independent of it and has obtained written confirmation from its auditor that it complies with guidelines on independence issued by its national accountancy and auditing body.
- 6.10 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 ("Shoosmiths") of Apex Plaza, Forbury Road, Reading, RG1 1SH 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.
- 6.11 The Company has given notice to the Registrar of Companies, pursuant to section 833 of the Act, of its intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income. If and when capital profits are realised which the Directors consider it appropriate to distribute by way of dividend (for example on the disposal of a successful investment), the Directors would anticipate revoking this status.
- 6.12 Save for the fees paid to the Directors as detailed in paragraph 5.6 above, the fees paid under the Investment Management Agreement and Non Investment Services Agreement detailed in paragraphs 5.4 and 5.5 above, the promoter fee payable in respect of the Offer Agreement and the offer agreement detailed at paragraph 5.2 above, there were no other related party transactions or fees paid by the Company during the period from 30 June 2023 to the date of this document.
- 6.13 Save for the agreements described in paragraphs 5.1 to 5.5 and 5.7 above, there are no material potential conflicts of interest which a service provider to the Company may have as between their duty to the Company and duties owed by them to third parties and their other interests. In order to manage such potential conflicts of interest resulting from the Company co-investing with other Octopus funds, it is a term of the Investment Management Agreement between the Manager, the Portfolio Manager and the Company referred to in paragraph 5.4 above that the Manager and the Portfolio Manager shall manage conflicts of interest, disclosing to the Board the nature of any material interest which the Manager and the Portfolio Manager may have in any proposed transaction to which the Company is, or is to be, a party, with neither the Manager nor the Portfolio Manager causing the Company to become a party to any such contract or transaction except with the prior approval of those members of the Board from time to time who are independent of the Manager (such prior approval not to apply to the allocation of investment opportunities governed by the Investment Management Agreement).
- 6.14 The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements, that is, for at least the period of twelve months from the date of this document. When calculating the working capital available to it, the Company has assessed whether it is able to access cash and other available liquid resources in order to meet its 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. When calculating its present requirements, the Company has taken into account the terms of its investment strategy and investment policy.
- 6.15 The capitalisation of the Company as at 30 June 2023 was as follows:

<b><u>Shareholders' Equity</u></b>	<b>£000's</b>
Called up Equity Share Capital	48
Legal reserves	46,461
Other reserves	(1,091)
<b>Total</b>	<b>45,418</b>

Save in respect of the increase in the Company's equity share capital by £2,027 as a result of the allotment on 7 November 2023 of 2,027,485 Shares under the 2023 Offer, there has been no material change to the capitalisation since 30 June 2023.

- 6.16 Since inception 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 3.2.13 above.

- 6.17 The Company does not assume responsibility for the withholding of tax at source.
- 6.18 The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out in Part Two of this document. In addition, the following restrictions are imposed upon the Company under the rules relating to admission to the Official List:
- 6.18.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
  - 6.18.2 it must not invest more than 10% in aggregate of the value of its total assets (at the time the investment is made) in other listed closed-ended investment funds except listed closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment funds; and
  - 6.18.3 it must manage and invest its assets in accordance with the investment policy set out on pages 17 and 18 of this Prospectus, which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes maximum exposure.
- 6.19 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.
- 6.20 The Offer has been sponsored by Howard Kennedy whose offices are at No.1 London Bridge, London SE1 9BG and which is authorised and regulated by the Financial Conduct Authority. The Sponsor has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in the form and context in which it is included.
- 6.21 The Offer is being promoted by Octopus, which is authorised and regulated by the Financial Conduct Authority.
- 6.22 Save for the sum of £1.96 million raised under the 2023 Offer, there have been no significant changes in the financial position of the Company since 30 June 2023, the end of the last financial period for which audited financial statements have been published.
- 6.23 Shareholders will be informed, through a Regulatory Information Service announcement, if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 6.24 The results of the Offer will be announced through a Regulatory Information Service within 3 Business Days of the closing of the Offer.
- 6.25 **Mandatory takeover bids.** The City Code on Takeovers and Mergers (the “City 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 City 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 Act. The Takeovers Directive applies to takeovers of companies registered in an EU member state and admitted to trading on a regulated market in the EU or the EEA States.
- 6.26 The City 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 City Code which requires that 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 them, 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 them holding shares carrying more than 50% of the voting rights.



- 6.27 There are not in existence any current mandatory takeover bids in relation to the Company.
- 6.28 **Squeeze out:** Section 979 of the Act provides that if, within certain time limits, an offer is made for the share capital of a company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90% in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90%, of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the relevant company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.
- 6.29 **Sell out:** Section 983 of the Act 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.
- 6.30 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 chief executive officer or a senior independent director (the Board does not consider this necessary for a VCT), (ii) the nomination and remuneration committee is chaired by Helen Sinclair, Chair of the Board, which the Directors have considered appropriate given the size of the Board and (iii) 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 shareholder event.
- 6.31 The Shares will usually trade at a discount to their underlying net asset value. Shares in VCTs are inherently illiquid and there may be a limited market in the Shares primarily because the initial tax relief is only available to those subscribing for newly issued Shares which may, therefore, adversely affect the market price of the Shares and the ability to sell them.
- 6.32 The NAV of the Company's investments will be determined by Octopus 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.
- 6.33 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.
- 6.34 The Company and the Directors consent to the use of the Prospectus by financial intermediaries, from the date of the Prospectus until the close of the Offer, for the purpose of subsequent resale or final placement of securities by financial intermediaries for Shares until the close of the Offer, and accept responsibility for the information contained therein for such purpose. The Offer will close on or before 30 January 2025. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus only in the UK.
- 6.35 **In the event of an offer being made by a financial intermediary, information on the terms and conditions of the offer will be given to investors by the financial intermediaries at the time that the offer is introduced to investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph 6.34 above.**
- 6.36 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 £500 and £200,000 who, having regard to the risk factors set out on pages 11 and 12, 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.
- 6.37 The information contained in this document sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third parties, no facts



have been omitted which would render such information inaccurate or misleading. Where such information has been included in this document, the source of that information has been identified.

- 6.38 The existing issued Shares in the Company will represent 70.9% 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, and with 20,554,984 Offer Shares being issued at an Offer Price of 97.3p, and on that basis Shareholders who do not subscribe under the Offer will, therefore, be diluted by 29.1%.

**7. Documents for Inspection**

- 7.1 The 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) for a period of 12 months from the date of this document and may also be inspected at the Company's website address at [www.octopusinvestments.com](http://www.octopusinvestments.com).

Dated: 31 January 2024

## DEFINITIONS

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

"2022 Offer"	the offer for subscription by the Company as set out in the prospectus dated 31 January 2022 issued by the Company
"2023 Offer"	the offer for subscription by the Company as set out in the prospectus dated 19 January 2023 issued by the Company
"Act"	Companies Act 2006
"Admission"	the admission of Offer Shares to trading on the London Stock Exchange's main market for listed securities
"Advised Investors"	investors under the Offer who receive advice from their financial intermediaries
"Applicant"	a person applying for Offer Shares under the Offer
"Application"	an application for Offer Shares under the Offer
"Application Form"	the application form relating to the Offer which can be found on the Company's website
"Articles"	the articles of association of the Company
"Board" or "Directors"	the board of directors of the Company
"Company" or "Octopus Future Generations VCT"	Octopus Future Generations VCT plc
"Dividend Reinvestment Scheme"	the Company's dividend reinvestment scheme, the terms and conditions of which are set out in Annex I of this document
"ESG"	Environmental, social and corporate governance
"EIS"	the 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
"HMRC"	HM Revenue and Customs
"Howard Kennedy"	Howard Kennedy Corporate Services LLP
"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"	the UK version of the Market Abuse Regulation (596/2014/EU) that was brought into UK law through the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310)
"Money Laundering Regulations"	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
"NAV"	net asset value
"Net Zero"	when the amount of carbon emissions produced are cancelled out by the amount removed
"Octopus", the "Portfolio Manager" or the "Receiving Agent"	Octopus Investments Limited
"Octopus AIF" or the "Manager"	Octopus AIF Management Limited
"Octopus Apollo"	Octopus Apollo VCT plc
"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 Titan"	Octopus Titan VCT plc
"Octopus VCT"	any venture capital trust which is managed by Octopus or Octopus AIF
"Octopus Ventures"	the team within Octopus who will manage the Company' investment portfolio, which as at the date of the Prospectus are those persons whose details are set out on pages 29 to 31
"Offer"	the offer for subscription for Offer Shares in respect of the tax years 2023/24 and 2024/25 contained in this document
"Offer Shares"	the Shares being offered under the Offer (and each an "Offer Share")
"Offer Price"	the price per Offer Share, as set out in the Terms and Conditions
"Official List"	the official list maintained by the Financial Conduct Authority
"Prospectus"	this document
"Prospectus Regulation Rules"	the UK Prospectus Regulation rules of the FCA made under section 73A of FSMA
"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 Offer Shares and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
"Redeemable Preference Shares"	redeemable preference shares of £1 each in the capital of the Company (and each a "Redeemable Preference Share")

"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" or "Ordinary 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 61 to 65
"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
"UK Prospectus Regulation"	the UK version of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including but, not limited to, by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234 and The Financial Services and Markets Act 2000 (Prospectus) 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

## TERMS AND CONDITIONS

The following terms and conditions apply to the Offer.

1. The maximum amount to be raised by the Company is £15 million with an over-allotment facility of a further £5 million. The Offer will close once the Company has reached the aggregate maximum number of Offer Shares which may be issued.
2. The minimum investment for a direct shareholding is £3,000. The minimum investment for investors investing indirectly via a nominee is £500. There is no maximum investment.
3. The contract created with the Company by the acceptance of an Application (or any proportion of it) under the Offer will be conditional on acceptance being given by the Receiving Agents and admission of the Offer 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 Offer 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 Offer Shares at the Offer Price on the terms of and subject to this document and subject to the 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 Offer Shares allotted to you until you make payment in cleared funds for such Offer 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 Offer Shares and may issue such Offer Shares to some other person, in which case you will not be entitled to any payment in respect of such Offer 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 Offer Shares applied for pursuant to the Offer, your remittance is not honoured on first presentation, those Offer Shares may, forthwith upon payment by Octopus (or such person as it may nominate) of the Offer Price of those Offer Shares to the Company, be transferred to Octopus or such other person as Octopus may direct at the relevant Offer Price per Offer 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 Offer 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 Offer Shares to Octopus, or such other person, in which case you will not be entitled to those Offer Shares or any payment in respect of such Offer Shares;
  - V. agree that, in respect of those Offer 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 Offer 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 Offer 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 Offer 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 Offer Shares subject to the Offer or the suitability for you of an investment in Offer 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 Offer 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, Offer Shares under the Offer and that such Offer 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 out: <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);
  - 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; and
  - 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 him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her/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 himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid by such territory.
  7. The Offer 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 Offer 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 Companies (after consultation with Octopus) in their absolute discretion. The right is reserved by the Boards 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 Companies or Octopus consider may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied. Dealings prior to the issue of certificates for Offer 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.

Octopus is required to verify the identities of its clients in accordance with Money Laundering Regulations. 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**

The Offer Price will be calculated on the basis of the following formula, which is based on the latest published unaudited NAV per Share of the Company at the time of an allotment adjusted to reflect the costs of the Offer set out below:

**The unaudited NAV per Share of the Company at the time of the allotment, divided by 0.97**

Applicants who are existing shareholders of any Octopus VCT will benefit from the costs of the Offer being reduced by 1%, which is applicable throughout the entirety of the Offer. Applicants will receive this reduction in the form of additional Offer Shares, which will be paid for by Octopus. Octopus may at its discretion further reduce the costs of the Offer.

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 Offer Shares will be rounded down to the nearest whole number (fractions of Offer Shares will not be allotted). Where there is a surplus of application funds, these will be returned to applicants (except where the amount is less than the Offer Price of one Offer Share in which case it will be donated to charity), without interest.

The use of this formula to calculate the Offer Price on subsequent issues will ensure that all investors in the Company effectively incur the costs of the Offer equally.

Prior to an allotment the Manager will confirm that the most recently published NAV per Share represents fair value for the Company, if not a new NAV per Share will be published.

#### **Costs of the Offer to be paid by the Company**

In consideration for promoting the Offer, the Company will pay to Octopus Investments Limited ("Octopus"), the Company's portfolio manager, a fee of 3% of the gross sums invested in the Offer. From this fee Octopus will discharge all external costs of advice and their own and the Company's costs in respect of the Offer.

On this basis, if the gross sum raised under the Offer is £20 million (with the over-allotment facility fully utilised), the net proceeds available for investment by the Company will be £19.4 million.

#### **Advised Investors**

Where an investor has invested in the Offer through a financial adviser and has received advice, the Company can facilitate the payment of a fee on behalf of the investor to their financial adviser of up to 4.5% of the investment amount. Any amount paid to a financial adviser under this facility will be deducted from the investment made by the investor in the Company and will not be paid by the Company.

Funds received by the Company from investors which are to be used by the Company to facilitate payments on behalf of the investors to financial advisers will at all times be held on trust by the Company on behalf of the relevant investor and cannot form part of an investor's subscription for tax relief. Should the investor choose to pay the adviser more than the amounts set out above, the excess amount will have to be settled by the investor directly with the adviser.

#### **Non-Advised Investors**

Where an investor has invested in the Offer through a financial intermediary, but has not received advice in relation to their investment, Octopus (not the Company) will pay the financial intermediary ongoing commission of up to 0.5% per annum of the latest NAV of the investment amount for a period of up to seven years. The payment of the ongoing commission is conditional upon the financial intermediary continuing to act for the relevant investor, that investor continuing to be the beneficial owner of the Shares and prevailing rules and regulations. No initial commission will be paid by the Company or Octopus.



**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 per Share as at the date of the Prospectus (p)</b>	<b>Offer Price (p)</b>	<b>Application (£)</b>	<b>Number of Offer Shares to be allotted</b>
94.3	97.3	10,000	10,277

# 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, Administrator and Receiving Agent</b>	Octopus Investments Limited 6 <sup>th</sup> Floor 33 Holborn London EC1N 2HT
<b>Company Secretary</b>	Octopus Company Secretarial Services Limited
<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</b>	Shoosmiths LLP Apex Plaza Forbury Road Reading RG1 1SH
<b>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>Depository</b>	Thompson Taraz Depository Limited 4th Floor Stanhope House 47 Park Lane W1K 1PR



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