

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Octopus Second AIM VCT PLC (the Company), please pass this document to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was arranged or effected for onward transmission to the purchaser or transferee. The Enhanced Buyback Facility is not being made, directly or indirectly, in or into a Restricted Territory. In particular, Shareholders with registered or mailing addresses in a Restricted Territory should note that this document is being sent for the purposes of the General Meeting only. The distribution of this document and/or an Enhanced Buyback Facility Application Form into certain jurisdictions other than the UK is, or may be, restricted by law and, therefore, persons into whose possession this document come should inform themselves about, and observe, such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document must not be forwarded to, or transmitted into, a Restricted Territory. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this document should read the section entitled 'Overseas Shareholders' in Part VII of this document before taking any action.

SGH Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

Matrix Corporate Capital LLP (Matrix), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and no one else in relation to the advice described in this document and will not be responsible to any other person for providing the protections afforded to customers of Matrix or for providing advice in relation to any matters referred to in this document.

OCTOPUS SECOND AIM VCT PLC

(Registered in England and Wales with registered number 05528235)

Enhanced Buyback Facility and Notice of General Meeting

You will find set out at the end of this document notice of the General Meeting to be held at 11.15 a.m. on 20 November 2012 at the offices of Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN to approve resolutions to effect the proposals contained herein. To be valid, the form of proxy (coloured blue) should be returned not less than 48 hours before the General Meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. For further information on the General Meeting or the completion of the proxy form, please telephone Capita Registrars between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0871 664 0324 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars' number (0871 664 0324) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to Capita Registrars from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

The procedure for, and the terms and conditions of, the Enhanced Buyback Facility are set out in this document and in the Enhanced Buyback Facility Application Form (coloured pink and at the end of this document). Completed Enhanced Buyback Facility Application Forms should be returned to Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN by post or hand delivered (during normal business hours only). For further information on the completion of the Enhanced Buyback Facility Application Form, please telephone Octopus Investments Limited on 0800 294 6828 between the hours of 8.00 a.m. and 6.00 p.m. on any Business Day. Octopus cannot provide advice on the merits of the Enhanced Buyback Facility nor give any financial, legal or tax advice.

Your attention is also drawn to the section entitled Action to be Taken on pages 9 and 10 and to Part IV (Risk Factors) of this document.

CONTENTS

EXPECTED TIMETABLES	2
PART I DEFINITIONS	3
PART II LETTER FROM THE CHAIRMAN	6
PART III ENHANCED BUYBACK FACILITY	11
PART IV RISK FACTORS	16
PART V TAX POSITION OF INVESTORS AND THE COMPANY	18
PART VI ADDITIONAL INFORMATION	22
PART VII ENHANCED BUYBACK FACILITY APPLICATION PROCEDURES AND TERMS AND CONDITIONS	25
NOTICE OF GENERAL MEETING	32
FORM OF PROXY*	35
ENHANCED BUYBACK FACILITY APPLICATION FORM**	37
CORPORATE INFORMATION	41

* Coloured blue

** Coloured pink

EXPECTED TIMETABLES

General Meeting

Latest time and date for receipt of forms of proxy for the General Meeting	11.15 a.m. on 18 November 2012
General Meeting	11.15 a.m. on 20 November 2012

Enhanced Buyback Facility

Enhanced Buyback Facility Record Date	5.00 p.m. on 22 October 2012
Enhanced Buyback Facility opens	23 October 2012
Enhanced Buyback Facility closes	12.00 noon on 28 December 2012
Purchase of Existing Shares and issue of New Shares	14 January 2013
Admission of and dealings in New Shares commences	15 January 2013
Certificates for New Shares dispatched	22 January 2013

The Enhanced Buyback Facility is conditional on the approval of Resolution 1 to be proposed at the General Meeting. If Resolution 1 is not approved, the Enhanced Buyback Facility will be withdrawn. The Board also reserves the right to extend the Enhanced Buyback Facility and to accept applications and to purchase Existing Shares and issue, and arrange for the listing of, New Shares on dates later than those stated above.

PART I - DEFINITIONS

“Acquisition Price”	the price at which a participating Shareholder in the Enhanced Buyback Facility acquired their Existing Shares
“Admission”	the date on which New Shares allotted pursuant to the Enhanced Buyback Facility are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange’s market for listed securities
“AIM”	the Alternative Investment Market, a market operated by the London Stock Exchange
“Articles”	the articles of association of the Company, as amended from time to time
“Basic Entitlement”	the entitlement of each Shareholder to tender 50% of their Existing Shares pursuant to the Enhanced Buyback Facility, rounded down to the nearest whole number
“Board”	the board of directors of the Company
“Broker”	Matrix Corporate Capital LLP (or such other broker as the Company may appoint to act as its agent to implement the Enhanced Buyback Facility)
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in Sterling
“CA 2006”	the Companies Act 2006, as amended from time to time
“Capita Registrars”	a trading name of Capita Registrars Limited, the Company’s registrars (as the context requires)
“Circular”	this document
“Company”	Octopus Second AIM VCT plc
“CREST”	the central securities depository for the UK markets
“Directors”	the directors of the Company (and each a “Director”)
“Enhanced Buyback Facility”	the enhanced buyback facility in respect of Existing Shares as contained in this document
“Enhanced Buyback Facility Application Form”	the application form (coloured pink) in respect of the Enhanced Buyback Facility at the end of this document or as otherwise provided by Capita Registrars or Octopus in respect of the Enhanced Buyback Facility on behalf of the Company (and, where there is more than one, “Enhanced Buyback Facility Application Forms”)
“Enhanced Buyback Facility Terms and Conditions”	the terms and conditions of the Enhanced Buyback Facility set out in Part VII of this document
“Existing Shares”	Shares on the register at 5.00 p.m. on 22 October 2012 (and each an “Existing Share”)
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held on 20 November 2012
“Half-Yearly Report”	the Company’s half-yearly report for the six month period ended 31 May 2012
“HMRC”	HM Revenue & Customs

“Issue Price”	a price equal to the most recently published net asset value per Share at the time of issue of New Shares pursuant to the Enhanced Buyback Facility, divided by 0.945 and rounded up to the nearest 0.1p
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange PLC
“Matrix”	Matrix Corporate Capital LLP
“NAV” or “net asset value”	net asset value of a company or as applicable, a share, calculated in accordance with the Company’s normal accounting policies
“New Shares”	new Shares to be issued by the Company pursuant to the Enhanced Buyback Facility (and each a “New Share”)
“Octopus”	Octopus Investments Limited
“Official List”	the Official List of the UKLA
“Overseas Shareholders”	Shareholders who are resident in, or a citizen of, a jurisdiction outside the UK (and each an “Overseas Shareholder”)
“PLUS”	a prescribed market for the purposes of section 118 of FSMA and a recognised investment exchange operated by PLUS Markets Group plc
“Proposals”	the Enhanced Buyback Facility, the Related Party Transaction and the cancellation of share premium and capital redemption reserves
“Purchase Price”	a price equal to the most recently published net asset value per Share at the time of purchase of Existing Shares pursuant to the Enhanced Buyback Facility, rounded down to the nearest 0.1p
“Qualifying Company”	an unquoted (including an AIM or PLUS listed) company which satisfies the requirements of Chapter 4 of Part 6 of the Tax Act
“Qualifying Investments”	investments in a Qualifying Company satisfying the requirements of Chapter 4 of Part 6 of the Tax Act (and each a “Qualifying Investment”)
“Qualifying Investors”	individuals aged 18 or over who satisfy the conditions of eligibility for VCT tax reliefs (and each a “Qualifying Investor”)
“Receiving Agent”	Capita Registrars, in its capacity as the receiving agent to the Enhanced Buyback Facility
“Record Date”	the record date pursuant to which Shareholders entitlements will be allocated pursuant to the Enhanced Buyback Facility, this being 5.00 p.m. on 22 October 2012
“Related Party Transaction”	the promotion fee payable to Octopus of up to 5.5% of the gross funds raised in connection with a possible future top-up offer to raise up to £10 million
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”)
“Restricted Territories”	United States of America, Canada, Australia, Japan and South Africa (and each a “Restricted Territory”)
“Shareholders”	holders of Shares (and each a “Shareholder”)
“Shares”	ordinary shares of 1p each in the capital of the Company (and each a “Share”)
“Sterling”	the official name for the standard monetary unit of the UK
“Tax Act”	Income Tax Act 2007, as amended

“Tender Price”	the price at which Existing Shares will be purchased by the Company pursuant to the Enhanced Buyback Facility
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VII of the Financial Services and Markets Act 2000
“United States”	the United States of America, its states, territories and possessions including the District of Columbia
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of the Income Tax Act 2007 for venture capital trusts
“VCT Value”	the value of an investment calculated in accordance with Section 279 of the Income Tax Act 2007

PART II - LETTER FROM THE CHAIRMAN

OCTOPUS SECOND AIM VCT PLC

(Registered in England and Wales with registered number 03477519)

Directors:

Keith Mullins (Chairman)
Andrew Raynor
Elizabeth Kennedy
Alastair Ritchie

Registered Office:

20 Old Bailey
London
EC4M 7AN

23 October 2012

Dear Shareholder

Enhanced Buyback Facility and Notice of General Meeting

The Board is pleased to be offering existing Shareholders the opportunity to participate in an enhanced buyback facility.

Enhanced buyback facilities are arrangements by which shareholders can sell existing shares in a VCT and use the proceeds to invest in shares in the same VCT, on which upfront income tax relief of up to 30% of the amount reinvested will, depending on shareholders' personal circumstances, then be available.

Full details of the Enhanced Buyback Facility are set out in this document and an Enhanced Buyback Facility Application Form (coloured pink) is at the end of this document. You will also find, at the end of this document, a Notice of General Meeting to be held at 11.15 a.m. on 20 November 2012, together with a proxy form (coloured blue) for use at the meeting, at which resolutions will be proposed in connection with the Enhanced Buyback Facility and other matters, as more fully detailed below.

Enhanced Buyback Facility

Shareholders are able to sell their shares in the Company in the market, but this would normally be at a discount, typically around 10%, to the net asset value of such shares. Shareholders could then reinvest the sale proceeds in new shares issued by the Company or another VCT, on which upfront VCT tax reliefs would, subject to Shareholders' personal circumstances, be available. New investments in VCTs are then generally subject to incurring an issue cost of around 5.5% on the new shares, in addition to the expected discount to the net asset value of such shares and associated dealing costs when initially disposing of shares.

Enhanced buyback facilities alternatively provide VCT shareholders with the opportunity to realise their existing holding and reinvest in the same VCT, thereby rewarding shareholder loyalty for reinvesting in the same VCT through a more efficient, lower cost process, with upfront tax relief (subject to the qualifying status of the shareholder).

The Enhanced Buyback Facility opens today and will close at 12.00 noon on 28 December 2012. The Enhanced Buyback Facility comprises a tender offer by the Company to all Shareholders (with the exception of Shareholders in certain overseas jurisdictions for legal compliance reasons) on the register on 22 October 2012 to purchase up to 21,909,201 Existing Shares (this being 50% of the issued share capital as at that date), with the proceeds of sale being reinvested in New Shares. The purchase will be completed at a price equal to the most recently published net asset value per Share at the time of purchase and the reinvestment will be completed at a price equal to the most recently published net asset value per Share at the time of issue, divided by 0.945 (representing the costs of providing the facility).

Participation in the Enhanced Buyback Facility is open to all Shareholders (with the exception of Shareholders in certain overseas jurisdictions) on the register of members (or their beneficial holder if the Shares are held by a nominee) on the Record Date, this being 5.00 p.m. on 22 October 2012. Shareholders eligible to participate may tender some or all of their Existing Shares, such Shareholders being entitled to sell up to their Basic Entitlement (this being up to 50% of their holding on the register on 22 October 2012, rounded down to the nearest whole Existing Share) and are able to tender additional Existing Shares that may be sold to the extent that other Shareholders do not participate up to their Basic

Entitlement. Shareholders who hold their Existing Shares in CREST (ie not held through a share certificate) will need to turn their Existing Shares into certificated form to participate (see page 14).

Financial intermediaries will receive a commission of an amount equal to 2.5% of their client's reinvestment (which may be waived and reinvested for additional New Shares purchased on behalf of their client as part of the Enhanced Buyback Facility) and annual trail commission, payable by Octopus.

The net effect for participating Shareholders is that they will 'substitute' 1,000 Existing Shares with approximately 945 New Shares (plus any New Shares issued pursuant to reinvested commission), the reduction in the value of the investment holding representing the costs of implementing the Enhanced Buyback Facility, with the reinvestment qualifying for upfront income tax relief of up to 30% of the amount reinvested for qualifying Shareholders. HMRC has confirmed that the usual VCT tax reliefs, including the upfront income tax relief, will be available on the New Shares issued pursuant to the Enhanced Buyback Facility.

Further details on the Enhanced Buyback Facility are contained in Part III (Enhanced Buyback Facility) of this document, including 'Frequently Asked Questions'.

The Board would like to point out that participation in the Enhanced Buyback Facility may not be suitable for some Shareholders, in particular where Existing Shares have not been held for the requisite five-year holding period to maintain any upfront income tax relief obtained on original subscription. This would include any Shares issued in connection with the top-up offers in the Company or Octopus Third AIM VCT plc (formerly Octopus Second AIM VCT plc which merged into this Company) from 2009 onwards. Shareholders who invested before 6 April 2004 in order to defer a capital gains tax liability, should additionally note that participation in the Enhanced Buyback Facility would be regarded as a disposal and would crystallise the deferral for payment. There could also be an income tax charge for Shareholders on any excess of the purchase price above the original issue price of the Existing Shares that are bought back.

Shareholders should also note that New Shares issued to participating Shareholders under the Enhanced Buyback Facility will be subject to a new five-year holding period to maintain any new upfront income tax relief obtained on the reinvestment.

You are recommended to consult with your financial adviser before completing the Enhanced Buyback Facility Application Form, in particular if Existing Shares have not been held for five years.

Implementation of the Enhanced Buyback Facility requires the approval of Shareholders to enable the Company to both purchase Existing Shares and issue New Shares under CA 2006 and the Articles. Shareholder approval is also required under the Listing Rules to purchase Existing Shares at a price greater than 105% of the average of the mid-market quotations of the Existing Shares for the five business days preceding the purchase. Such approval is being sought pursuant to Resolution 1 to be proposed at the General Meeting, the implementation of the Enhanced Buyback Facility being subject to the passing of that resolution.

The full terms and conditions of the Enhanced Buyback Facility are set out in Part VII (Enhanced Buyback Facility Application Procedures and Terms and Conditions) of this document and your attention is also drawn to Part IV (Risk Factors) and Part V (Tax Position of Investors and the Company) of this document. An Enhanced Buyback Facility Application Form (coloured pink) is at the end of this document.

Future Fund Raising and Related Party Transaction

The Board is keen to provide an opportunity to Shareholders and new investors to invest in the Company pursuant to further top-up offers. Subject to market conditions and investor appetite, both the Board and Octopus are considering an offer to raise up to £10 million in early 2013. To avoid the cost of convening another general meeting to authorise the Directors to issue shares pursuant to such a fund raising, the Board proposes to seek such approval of Shareholders at the General Meeting pursuant to Resolution 2 (such Shareholder approval being required pursuant to the Articles and CA 2006). Any such offer is expected to be at an offer price equal to NAV plus offer costs.

Should such an offer proceed, the Board intends to engage, as has been the case on previous top-up offers, Octopus to act as the promoter to the offer. Through this appointment, Octopus will underwrite all of the costs of the offer for a fee of no more than 5.5% of gross proceeds raised.

Octopus is regarded as a 'related party' of the Company under the Listing Rules, being an investment manager of a closed-ended investment fund. The above proposed promotion fee arrangement (should the Board proceed with such an offer) is a related party transaction (Related Party Transaction) and requires Shareholder approval pursuant to the Listing Rules. Again, to avoid the cost of convening another general meeting to seek such Shareholder approval of the Related Party Transaction, the Board proposes to seek such approval of Shareholders at the General Meeting pursuant to Resolution 4.

Cancellation of Share Premium and Capital Redemption Reserves

A share premium account and a capital redemption reserve form part of a company's capital and, save without the approval of shareholders by special resolution and the approval of the Court, those reserves are incapable of being used to fund distributions, to assist in writing off losses or to finance repurchases of a public company's shares. Cancelling share premium and capital redemption reserves allows a company to create a special reserve that can assist in writing off losses, which will enhance the ability to make distributions. It also facilitates a company's ability, where required, to implement share buybacks.

The Company has previously cancelled share premium and capital redemption reserves for these purposes. However, the issue of Shares pursuant to previous top-up offers has resulted in, and the New Shares to be issued pursuant to the Enhanced Buyback Facility and future top-up offers will result in, the creation of further share premium. The Enhanced Buyback Facility will also increase the existing capital redemption reserves resulting from buybacks undertaken by the Company.

The Board, therefore, also proposes at the General Meeting to seek the approval of Shareholders, such approval being required pursuant to CA 2006, to cancel share premium and capital redemption reserves pursuant to Resolution 3, subject to the sanction of the Court.

General Meeting

Notice of the General Meeting to be held at 11.15 a.m. on 20 November 2012 at the offices of Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN is set out at the end of this document.

Resolution 1 is a composite resolution which will provide the authorities to implement the Enhanced Buyback Facility.

Paragraph (i) of Resolution 1 will authorise the Board to purchase shares at a fixed price equal to the latest published net asset value per share prior to the date of purchase, rounded down to the nearest 0.1p per share.

Paragraph (ii) of Resolution 1 will authorise the Board to issue new shares at a fixed price equal to the latest published net asset value per share prior to the date of allotment, divided by 0.945 to take into account costs, rounded up to the nearest 0.1p per share.

Paragraph (iii) of Resolution 1 disapplies pre-emption rights in connection with the issue of such new shares.

The maximum number of shares which may be bought back and issued under this authority is 21,909,201 shares (representing 50% of the issued share capital as at 22 October 2012, this being the latest practicable date prior to publication of this document) and the authority is limited to being used for the Enhanced Buyback Facility. The shares purchased pursuant to this authority will be cancelled. The authority conferred by Resolution 1 will be in addition to the existing general allotment and buyback authorities taken at the annual general meeting held on 16 May 2012 and will lapse on the conclusion of the annual general meeting of the Company to be held in 2013.

Resolution 2 is a composite resolution to provide share allotment authorities for the purposes of top-up offer(s).

Paragraph (i) of Resolution 2 will authorise the Directors pursuant to Section 551 CA 2006 to allot shares in the capital of the Company up to an aggregate nominal value of £200,000 (representing 45.64% of the issued share capital of the Company as at 22 October 2012, this being the latest practicable date prior to publication of this document) for the purpose set out in paragraph (ii) of Resolution 2. The authority conferred by paragraph (i) of Resolution 2 will be in addition to existing authorities and the authorities conferred under Resolution 1 and will expire on the conclusion of the annual general meeting to be held in 2014 unless renewed, varied or revoked by the Company in general meeting.

Paragraph (ii) of Resolution 2 will disapply pre-emption rights in respect of the allotment of shares in the capital of the Company with a nominal value of up to £200,000 in aggregate pursuant to offer(s) for

subscription. The authority conferred by paragraph (ii) of Resolution 2 will expire on the conclusion of the annual general meeting to be held in 2014 unless renewed, varied or revoked by the Company in general meeting.

Resolution 3 will authorise the cancellation of the share premium account and capital redemption reserve of the Company.

Resolution 4 will approve the Related Party Transaction.

Resolutions 1 to 3 will be proposed as special resolutions requiring the approval of 75% or more of the votes cast at the General Meeting. Resolution 4 will be proposed as an ordinary resolution requiring the approval of more than 50% of the votes cast out at the General Meeting. The Resolutions are not conditional on each other.

Action to be Taken

Before taking any action, you are recommended to read the further information set out in this document.

General Meeting

- ***You will find at the end of this document the form of proxy (coloured blue) for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy so as to be received not less than 48 hours before the time appointed for holding of the General Meeting. A designated pre-paid envelope is enclosed with Shareholders' copies of this document. This envelope is only for use for returning the form of proxy.***
- ***Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.***

Enhanced Buyback Facility

- ***If you do not wish to participate or are not eligible to participate in the Enhanced Buyback Facility, no further action is required. You do not need to participate in the Enhanced Buyback Facility.***
- ***All Shareholders (other than certain Overseas Shareholders), and their beneficial holder if the Existing Shares are held by a nominee, holding Existing Shares on the Record Date may participate in the Enhanced Buyback Facility.***
- ***Eligible Shareholders who wish to participate in the Enhanced Buyback Facility are requested to complete the Enhanced Buyback Facility Application Form (coloured pink) at the end of this document, and to return it together with their share certificate and/or other documents of title to Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN by post or hand delivered (during normal business hours only). A designated pre-paid envelope for use in connection with the Enhanced Buyback Facility is enclosed with Shareholders' copies of this document. Please do not return Enhanced Buyback Facility Application Forms to Capita Registrars. You should also note the following:***
 - ***If Existing Shares are held by a nominee, both the nominee and the beneficial shareholder should complete the Enhanced Buyback Facility Application Form in order for the beneficial shareholder to be eligible for VCT tax reliefs.***
 - ***If Existing Shares are held in CREST, holdings will first need to be rematerialised into certificated form in order to participate (see page 14). Such CREST Shareholders are advised that it may take up to two weeks to rematerialise their holding. Shareholders should contact their financial adviser and/or Capita Registrars to facilitate this.***
 - ***If you have queries on the Enhanced Buyback Facility, you can contact Octopus Investments Limited on 0800 294 6828 between the hours of 8.00 a.m. and 6.00 p.m. on any Business Day. Octopus cannot provide advice on the merits of the Enhanced Buyback Facility nor give any financial, legal or tax advice.***
 - ***If you have queries about your holdings and/or date(s) of acquisition, you should contact Capita Registrars on 0871 664 0324 from within the UK or +44 20 8639 3399 if calling from outside the UK between 9.00 a.m. and 5.30 p.m. (GMT time) Monday to Friday. Calls to Capita Registrars' 0871 664 0324 number cost 10 pence per minute***

(including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Capita cannot provide advice on the merits of the Enhanced Buyback Facility or give any financial, legal or tax advice. Alternatively Shareholders can review details of their holding by registering online with the Registrar at www.capitashareportal.com and entering the relevant Shareholders' Reference Number shown on their share certificate.

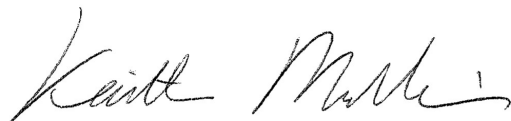
Recommendation

The Board, which has been so advised by Matrix, considers the Related Party Transaction to be fair and reasonable so far as Shareholders of the Company are concerned. In providing this advice, Matrix has taken into account the Board's commercial assessment of the Related Party Transaction.

Octopus is regarded as a related party under the Listing Rules and, therefore, cannot vote on Resolution 4 to be proposed at the General Meeting. Octopus will take all reasonable steps to ensure that its associates (including any directors and employees) will also not vote on this Resolution.

The Board believes that the Proposals and the Resolutions to be proposed at the General Meeting in connection therewith are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions as they intend to do in respect of their own holdings of 194,437 Shares, representing approximately 0.45% of the issued share capital of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Keith Mullins', with a stylized flourish at the end.

Keith Mullins
Chairman

PART III - ENHANCED BUYBACK FACILITY

If a Shareholder does not wish to participate or is not eligible to participate in the Enhanced Buyback Facility no further action is required.

The Enhanced Buyback Facility is conditional on the approval of Resolution 1 to be proposed at the General Meeting. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn. The Enhanced Buyback Facility will only be implemented to the extent the Board believes that the Company has sufficient reserves to effect the purchase of Shares pursuant to the Enhanced Buyback Facility.

Participation in an enhanced buyback facility in respect of Existing Shares which have not been held for five years is considered for tax purposes as a disposal and is, therefore, subject to clawback by HMRC of any upfront income tax reliefs obtained on original subscription. Shareholders should be aware that HMRC operate on a 'first in, first out' basis in respect of allocation to Existing Shares being sold.

There could also be an income tax charge for Shareholders on any excess of the Tender Price above the original issue price for the Existing Shares that are bought back and any capital gains tax deferral relief obtained on subscription of the existing Shares issued before 6 April 2004 in the Company will also be crystallised for payment. Shareholders should, therefore, seek professional advice.

How Does the Enhanced Buyback Facility Work?

The Enhanced Buyback Facility comprises a tender offer by the Company to purchase Existing Shares and an offer for New Shares in the Company to be effected as follows:

- The Company is making a tender offer to all Shareholders (other than certain Overseas Shareholders), and their beneficial holder if the Existing Shares are held by a nominee, on the register on 22 October 2012 to purchase up to 50% of the issued share capital as at that date.
- Shareholders eligible to participate may tender some or all of their existing holding, such Shareholders:
 - o being entitled to sell up to their Basic Entitlement (this being up to 50% of their holding on the register on 22 October 2012, rounded down to the nearest whole Existing Share); and
 - o being able to tender additional Existing Shares that may be sold to the extent that other Shareholders do not participate up to the maximum available amount (any such excess to be allocated pro rata to the number of Existing Shares tendered, subject to the discretion of the Board).
- The purchase will be subject to the participating Shareholder agreeing to reinvest all of the proceeds of sale in the purchase of New Shares at the Issue Price.
- The Tender Price will be a price equal to the most recently published net asset value per Share at the time of purchase, rounded down to the nearest 0.1p.
- The Issue Price will be a price equal to the most recently published net asset value per Share at the time of allotment, divided by 0.945 (to take into account the costs of the Enhanced Buyback Facility), rounded up to the nearest 0.1p.
- Financial intermediaries will receive a commission of an amount equal to 2.5% of their client's reinvestment (which may be waived and reinvested for additional New Shares purchased on behalf of their client as part of the Enhanced Buyback Facility) and annual trail commission.

The net effect for participating Shareholders is that they will 'substitute' 1,000 Existing Shares with approximately 945 New Shares (the reduction in the value of the investment holding representing the costs of implementing the Enhanced Buyback Facility), with the reinvestment qualifying for upfront income tax relief of up to 30% of the amount reinvested if Shareholders are Qualifying Investors, which has been confirmed by HMRC. There is no requirement for any application monies to be sent by participating Shareholders who apply under the Enhanced Buyback Facility as the cost of the subscription of New Shares will be met from the proceeds of sale of the Existing Shares.

The Enhanced Buyback Facility is open to all Shareholders (other than certain Overseas Shareholders), and their beneficial holder if the Existing Shares are held by a nominee. The Enhanced Buyback Facility

is not being offered to Shareholders in Restricted Territories and they are not entitled to participate. The maximum number of Existing Shares to be purchased pursuant to the Enhanced Buyback Facility is 21,909,201 (this being 50% of the issued share capital of the Company as at 22 October 2012).

Each eligible Shareholder is entitled to tender up to their Basic Entitlement (this being up to 50% of their holding on the register on 22 October 2012, rounded down to the nearest whole Existing Share). Each eligible Shareholder is also entitled to tender additional Existing Shares in excess of their Basic Entitlement in the event other Shareholders do not participate for their Basic Entitlement (the excess to be allocated pro rata to the number of Existing Shares tendered, subject to the discretion of the Board). The Shares will be purchased at the Tender Price with the proceeds simultaneously being used to purchase New Shares at the Issue Price, rounded down to the nearest whole New Share.

If the Board considers that the Company does not have sufficient reserves to lawfully implement the Enhanced Buyback Facility in full or that implementing the Enhanced Buyback Facility in respect of valid applications received would result in the Company having insufficient reserves for ongoing purposes (taking into account reserves expected to be created), the Board may reduce the maximum number of Existing Shares to be purchased under the Enhanced Buyback Facility and a Shareholder's entitlement to participate up to his or her Basic Entitlement will be reduced accordingly. The Board expects the Company to be able to implement the Enhanced Buyback Facility in full.

The Enhanced Buyback Facility opens on 23 October 2012 and will close at 12.00 noon on 28 December 2012. The Board expects the purchase of Existing Shares and the issue of New Shares pursuant to the Enhanced Buyback Facility to take place on 14 January 2013. Application will be made to the UK Listing Authority for the New Shares to be admitted to the premium segment of the Official List of the UK Listing Authority and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to take place on 15 January 2013. The Board reserves the right to extend the Enhanced Buyback Facility and to accept applications and to purchase Existing Shares and issue, and arrange for the listing of, New Shares on dates later than those stated above.

The New Shares will be issued in certificated form (though such New Shares can subsequently be admitted to CREST) and will rank, from the date of issue, *pari passu* in all respects with the existing issued share capital of the Company.

The results of the Enhanced Buyback Facility, including the Tender Price and Issue Price, will be announced to the London Stock Exchange through a Regulatory Information Service.

Costs of the Enhanced Buyback Facility

Octopus will be paid an administration fee of 5.5% of the gross proceeds raised through the issue of New Shares (ignoring reinvested commission) from which all costs and expenses will be paid (including stamp duty and both the initial commission of 2.5% and the annual trail commission of 0.5% for nine years to financial intermediaries). Any costs above this will be met by Octopus. This cost is applied to participating Shareholders through the allotment process as shown above, so that the number of New Shares subscribed for will be approximately 5.5% less than the number of Existing Shares purchased pursuant to the Enhanced Buyback Facility. There will, therefore, be a corresponding reduction to the net assets of the Company, though the net asset value per Share is not expected to be affected.

Enhanced Buyback Facility Application Forms bearing a financial intermediary's FSA number and/or IFA stamp will normally be paid initial commission of 2.5% on the amount reinvested in New Shares through the Enhanced Buyback Facility. Financial intermediaries may agree to waive their initial commission in respect of an application. If this is the case, then the application for New Shares pursuant to the Enhanced Buyback Facility will be increased by the amount of initial commission waived and the enlarged application will be applied in subscribing for New Shares at the Issue Price through the Enhanced Buyback Facility. No further fees or commission will be paid in respect of such additional New Shares.

Additionally, provided that the intermediary continues to act for the client and the client continues to be the beneficial holder of the New Shares, Octopus (where permitted) will pay financial intermediaries an annual trail commission of 0.5% of the initial net asset value for a maximum of nine years.

Illustration of the Enhanced Buyback Facility

Based on the most recently published unaudited net asset value of the Shares as at 15 October 2012, the following is an illustration of the effect for a Shareholder who tenders 10,000 Existing Shares and qualifies for the full amount of upfront tax relief (ignoring reinvested commissions).

	NAV (p)	Tender Price (p)	Issue Price (p)	Amount Reinvested (£)	30% income tax relief (£)
Shares	66.0	66.0	69.9	6,599.96	1,979.99

The Tender Price and Issue Price used above are for illustrative purposes only as the NAV per Share may be different for the purposes of calculating the actual Tender Price and Issue Price (which may be higher or lower than the example above).

Overseas Shareholders

Shareholders with registered or mailing addresses outside the UK, or who are citizens or nationals of, or resident in, a jurisdiction other than the UK, should read the section entitled 'Overseas Shareholders' in Part VII of this document and the relevant provisions of the Enhanced Buyback Facility Application Form. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any requirements in relation to the ability of such holders to complete and return an Enhanced Buyback Facility Application Form.

Further Details

The full terms and conditions of the Enhanced Buyback Facility are set out in Part VII of this document. Shareholders attention is also drawn to the risk factors set out in Part IV of this document and the potential tax consequences set out in Part V of this document. Please also refer to the "Frequently Asked Questions" below for further information.

FREQUENTLY ASKED QUESTIONS

Who should consider taking part in the Enhanced Buyback Facility?

- A Shareholder who holds Existing Shares and has held them for a period of at least five years.
- A Shareholder who has acquired Existing Shares in the market or otherwise where no upfront income tax relief was obtained.
- A Shareholder who did not obtain capital gains tax deferral on subscription for Existing Shares prior to 6 April 2004.

In respect of Shares issued to former Octopus Third AIM VCT plc (formerly Octopus Second AIM VCT plc) shareholders pursuant to the merger with Octopus IHT AIM VCT plc (i.e. the Company before being renamed), what is the date of acquisition for the purposes of the five year holding period?

Shares issued pursuant to the merger have a deemed acquisition date of the date the original underlying shares (from which the Shares were derived) were originally acquired.

What amount of Existing Shares held can be sold?

Shareholders eligible to participate can apply to sell some or all of their Existing Shares. Such Shareholders will, subject to receipt of a valid Enhanced Buyback Facility Application Form, be entitled to sell up to their Basic Entitlement (this being up to 50% of their holding on the register on 22 October 2012, rounded down to the nearest whole Existing Share).

Shareholders may also tender additional Existing Shares in excess of their Basic Entitlement to the extent that other Shareholders do not participate for their basic Entitlement, up to the maximum available amount. The excess will be allocated pro rata to the amount of Existing Shares tendered, subject to the discretion of the Board.

What are the tax consequences of the Enhanced Buyback Facility?

Shareholders are referred to paragraph 2 on page 19 in respect of the tax consequences of participating in the Enhanced Buyback Facility. Shareholders should seek professional advice.

What should a Shareholder do if Existing Shares are held in CREST?

If a Shareholder wishes to participate in the Enhanced Buyback Facility and the Existing Shares are held by a nominee and through CREST, please see the answer to the question below.

If Existing Shares are personally held in CREST, holdings will first need to be rematerialised into certificated form in order to participate. Shareholders are recommended to contact their broker or speak with the Company's registrar, Capita Registrars, for assistance in rematerialising holdings. Due to the time it may take to rematerialise holdings, Shareholders are advised to factor in at least two weeks for this process to be effected.

Once in receipt of the share certificate, this must then be submitted, together with the Enhanced Buyback Facility Application Form.

What if Existing Shares are held by a nominee and the beneficial shareholder wishes to participate in the Enhanced Buyback Facility?

Both the nominee and the beneficial shareholder will need to complete the Enhanced Buyback Facility Application Form confirming that they wish to proceed by the nominee selling the holding in Existing Shares on behalf of the beneficial shareholder and the beneficial shareholder applying for the New Shares in his or her own name (so as to be able to obtain the income tax relief associated therewith).

A separate Enhanced Buyback Facility Application Form can be requested from Octopus where a nominee holds Existing Shares in one holding for multiple beneficial shareholders or alternatively the form at the end of this document can be photocopied.

If Existing Shares are held through CREST, then the nominee will need to liaise with their broker or Capita Registrars (as the case may be) to rematerialise the Existing Shares first (as detailed above). Due to the time it may take to rematerialise holdings, Shareholders and their nominees are advised to factor in at least two weeks for this process to be effected. The New Shares (and the tax certificate) and share certificate will be issued in the name of the beneficial shareholder but the New Shares can then be transferred back to the nominee as required.

Will New Shares be issued in certificated form or through CREST?

New Shares issued as part of the Enhanced Buyback Facility will be in certificated form. Shareholders can then arrange through their broker or nominees for these New Shares to be subsequently admitted to CREST.

What if Existing Shares are held in more than one registered holding?

If Existing Shares are held in different registered holdings, the maximum participation is up to 50% of each holding and any excess Shares which may be tendered to the extent other Shareholders do not participate or tender up to their basic entitlement. A separate Enhanced Buyback Facility Application Form must be returned in respect of each such holding. Additional Enhanced Buyback Facility Application Forms can be requested from Octopus or alternatively the form at the end of this document can be photocopied.

Are there any disadvantages to participating in the Enhanced Buyback Facility?

The net effect for participating Shareholders is that they will 'substitute' 1,000 Existing Shares with approximately 945 New Shares (the reduction in the value of the investment holding representing the costs of implementing the Enhanced Buyback Facility), though the reinvestment will qualify for upfront income tax relief of up to 30% of the amount reinvested if Shareholders are Qualifying Investors.

If a Shareholder participates in the Enhanced Buyback Facility, the Shareholder will acquire new VCT shares. If that Shareholder qualifies for any upfront income tax relief on the reinvestment in New Shares, the Shareholder will need to hold these shares for five years from the date of issue in order to retain such relief. Sale (or other disposal) of the New Shares prior to the requisite minimum five year holding period will result in a clawback of such relief by HMRC.

There could also be an income tax charge and/or a capital gain tax charge (or, in respect of Existing Shares issued before 6 April 2004, crystallisation of a deferred capital gains tax charge) on the disposal of the Shareholders' original Shares (see paragraph 2 on page 19).

Can Shares be transferred and the transferee participate?

No. The Enhanced Buyback Facility is being completed using a tender offer with a record date to set participation for Basic Entitlements prior to the date of this document. If Existing Shares have been transferred and such transfer has been recorded on the Company's register of members prior to the Record Date, then the transferee should be entitled to participate.

Can a Shareholder participate in the Enhanced Buyback Facility and not reinvest?

No. The terms of the Enhanced Buyback Facility do not allow Shareholders to obtain cash from the buyback of their Existing Shares. The process requires a Shareholder to agree to simultaneously reinvest all of the proceeds of sale in New Shares.

If Existing Shares have been bought at different times which ones are deemed to have been sold?

VCTs have different rules to normal companies and, therefore, the first Existing Shares bought in the Company by a Shareholder are the first to be sold (i.e. first in, first out basis).

Who should Shareholders contact if they have queries about the Enhanced Buyback Facility or their shareholdings?

Shareholders who have queries in respect of the Enhanced Buyback Facility should contact Octopus by telephone on 0800 294 6828 between the hours of 8.00 a.m. and 6.00 p.m. on any Business Day. No financial, legal, tax or investment advice will be given.

Shareholders who have queries about their holdings and/or date(s) of acquisition should contact the Company registrars, Capita Registrars, telephone: 0871 664 0324 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0324 number cost 10p per minute from a BT landline. Other network providers may vary. Lines are open Monday to Friday 9.00 a.m. – 5.30 p.m. (London time), No financial, legal, tax or investment advice will be given.

What is the procedure for applying pursuant to the Enhanced Buyback Facility?

To apply to participate in the Enhanced Buyback Facility, Shareholders must complete and return the Enhanced Buyback Facility Application Form (coloured pink and at the end of this document), together with their relevant share certificate to Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN by post or hand delivered (during normal business hours only) by 12.00 noon on 28 December 2012.

Further details on how to complete the Enhanced Buyback Facility Application Form are set out in Part VII.

PART IV - RISK FACTORS

Shareholders and 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 (such as changes in legal, regulatory or tax requirements) are not the only ones the Company or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or result of operations. The value of the Shares could decline due to any of the risk factors described below, and Shareholders and prospective investors could lose part or all of their investment. Shareholders and prospective investors should consult an independent financial adviser authorised under FSMA.

Risks of the Enhanced Buyback Facility

- Implementation of the Enhanced Buyback Facility is conditional on approval of Resolution 1 to be proposed at the General Meeting. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn.
- Shareholders should note that participation in the Enhanced Buyback Facility will be considered, for tax purposes, as a disposal of the Existing Shares. Participation in the Enhanced Buyback Facility in respect of Existing Shares which have not been held for five years will, therefore, be subject to clawback by HMRC of any initial income tax reliefs obtained on original subscription. In addition, there could be an income tax charge for Shareholders on any excess of the Tender Price above the original issue price for the Shares that are bought back. Shareholders whose Shares do not qualify for VCT reliefs may also be subject to a capital gains tax charge. Shareholders should seek professional advice and are referred to paragraph 2 in Part VI (Tax Position of Investors and the Company) of this document in respect of the tax consequences of the Enhanced Buyback Facility.
- Shareholders who benefitted from capital gains tax deferral relief on subscriptions for shares prior to 6 April 2004 should note that a disposal of such shares through the Enhanced Buyback Facility will crystallise the deferred gain and that participation in the Enhanced Buyback Facility will not provide cash to pay the relevant tax liability.
- If New Shares are subscribed under the Enhanced Buyback Facility and are disposed within five years, the investor will be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- The Enhanced Buyback Facility will result in a reduction in the net assets of the Company. However, the net asset value per Share is not expected to be affected as the costs are fixed at 5.5% of the gross proceeds of the Enhanced buyback Facility and applied against participating Shareholders through the price at which the New Shares are allotted.

Company Risks

- The value of Shares, and the income from them, can fluctuate and Shareholders and prospective investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying NAV nor that dividends will be paid. Shareholders in the Company should not rely on any share buyback policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV.
- There is no guarantee that the Company will meet its objectives. The past performance of the Company or other funds managed by Octopus is no indication of the future performance of the Company. The return received by Shareholders will be dependent on the performance of the underlying investments. The value of such investments, and income and dividends derived therefrom, may rise or fall and Shareholders may not get back the full amount invested.
- The Existing Shares issued by the Company have been (and it is anticipated that New Shares to be issued pursuant to the Enhanced Buyback Facility will be) admitted to the Official List of the UK Listing Authority and are (or will be) traded on the London Stock Exchange market for listed securities. However, the secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not

available for VCT shares bought in the secondary market and because VCT shares usually trade at a discount to NAV) and investors may find it difficult to realise their investment. A holding in the Company should be seen as a long term investment.

- Whilst it is the intention of the Board that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that the Company's status will be maintained. A failure to meet the qualifying requirements could result in investors losing the tax reliefs available for VCT shares, resulting in adverse tax consequences, including, if their holding has not been held for the relevant holding period, a requirement to repay the income tax relief obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.
- The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which may affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Changes in legislation concerning VCTs, in particular in relation to qualifying holdings and qualifying trades, may limit the number of qualifying investment opportunities and/or reduce the level of returns which might otherwise have been achievable.
- Investment in AIM-traded, PLUS market-traded and unquoted companies by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, the viability and financial performance of small companies often depends on a narrow product range, small markets, limited financial resources, a small number of staff and counterparties, and may be more susceptible to political, exchange rate, taxation and regulatory changes. In addition, the market for securities in smaller companies may be less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and are likely to involve a higher degree of risk than investment in a company listed on the Official List.
- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisations of investments by the need to maintain the VCT status of the Company, which may restrict the Company's ability to obtain maximum value from its investments. In addition, although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position fully to protect its interests.
- The market for new shares in AIM is subject to market forces and there can be no certainty that there will be sufficient new share issues to enable the Company to achieve the intended level of investment in Qualifying Investments.

PART V - TAX POSITION OF INVESTORS AND THE COMPANY

The following paragraphs apply to the Company and to persons holding Shares as an investment who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

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

A INVESTORS

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Enhanced Buyback Facility 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.

1. General VCT Tax Reliefs

(a) Income tax

(i) *Relief from income tax on investment*

A Qualifying Investor subscribing for New Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year.

To obtain relief a Qualifying Investor must subscribe on their own behalf although the New Shares may subsequently be transferred to a nominee.

The relief is given at the rate of 30% on the amount subscribed regardless of whether the Qualifying Investor is a higher rate, additional rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

(ii) *Dividend relief*

A Qualifying Investor, who acquires shares in VCTs in any tax year costing up to a maximum of £200,000, will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

(iii) *Purchases in the market*

A Qualifying Investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph 1(a)(ii) above) but not relief from income tax on the investment (as described in paragraph 1(a)(i) above).

(iv) *Withdrawal of relief*

Relief from income tax on a subscription for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses or on death) within five years of issue or if the VCT loses its approval within this period as detailed below.

Dividend relief ceases to be available once the Qualifying Investor ceases to own VCT shares in respect of which it has been given or if the VCT loses its approval within this period as detailed below.

(b) Capital gains tax

(i) *Relief from capital gains tax on the disposal of VCT shares*

A disposal by a Qualifying Investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

(ii) Purchases in the market

An individual purchaser of existing shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b(i) above).

(c) Loss of VCT approval

For a company to be fully approved as a VCT it must meet the various requirements for full approval as set out below.

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn. In these circumstances, relief from income tax on the initial investment is 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 any accounting period ending when VCT status has been lost and 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.

(d) Overseas investors

Investors not resident in the UK should seek professional advice as to the consequences of making an investment in a VCT or in the UK generally.

2. Tax Consequences of the Enhanced Buyback Facility

(a) Disposal of Existing Shares by Shareholders

The purchase of Existing Shares by the Company will be treated, for tax purposes, as a disposal.

(i) Income tax consequences

The disposal is treated as a repayment of the amount subscribed for each Existing Share. To the extent that the proceeds of the disposal are greater than the amount subscribed for on each Existing Share, the Company will be treated as having made a distribution of the amount of the excess (if any). This amount of excess is a distribution received by a Shareholder which is subject to income tax.

The Tender Price of an Existing Share, based on the latest published net asset value as at 15 October 2012 of the Shares would be 66.0p. Shareholders will be subject to an income tax charge on any excess of the Tender Price that is above the original issue price of the Shares that are bought back. **Shareholders are reminded that, although Qualifying Investors will receive initial income tax relief of up to 30% of the amount reinvested, no cash proceeds will be recovered by participating in the Enhanced Buyback Facility.**

A disposal of Existing Shares which have not been held for the minimum five year holding period will be subject to clawback by HMRC of any upfront income tax reliefs obtained on original subscription.

(ii) Capital gains tax consequences

Any capital gains tax deferral relief obtained on subscription of the Existing Shares issued before 6 April 2004 in the Company will be crystallised for payment upon the disposal. **Shareholders are reminded that, although Qualifying Investors will receive initial income tax relief of up to 30% of the amount reinvested, no cash proceeds will be recovered by participating in the Enhanced Buyback Facility.**

If a Shareholder qualifies for VCT reliefs in respect of the Existing Shares sold, the disposal will give rise to neither a chargeable gain nor an allowable loss for the purposes of capital gains tax.

In respect of other Existing Shares, capital gains tax could be payable where shares were acquired from a previous shareholder (rather than having been subscribed for directly from the Company). If the participating Shareholder acquired the Existing Shares for an amount ("the Acquisition Price") less than their subscription price, the part of the Tender Price in excess of the Acquisition Price up to the subscription price will be subject to capital gains tax.

If the Tender Price for Existing Shares, which do not qualify for the capital gains tax disposal exemption, is less than the Acquisition Price for those shares, Shareholders should be entitled to an allowable loss.

Where a Shareholders acquired Existing Shares on more than one occasion Existing Shares acquired earlier are treated as having been disposed of prior to Existing Shares acquired later (ie first in, first out).

(iii) Stamp duty

No stamp duty is payable by Shareholders in respect of the Existing Shares sold or the New Shares subscribed.

The Company will pay stamp duty at the rate of 0.5% of the aggregate amount paid for Existing Shares purchased from a Shareholder under the Enhanced Buyback Facility (rounded up to the nearest £5).

(b) Subscription for New Shares by Shareholders and HMRC confirmation

HMRC have confirmed that usual VCT tax reliefs, including the upfront income tax relief, will be available on the New Shares issued pursuant to the Enhanced Buyback Facility.

3. Obtaining Tax Reliefs

The Company will provide to each Qualifying Investor a certificate which the Qualifying Investors may use to claim income tax relief, either by obtaining from HMRC an adjustment to their tax coding under the PAYE system or by waiting until the end of the tax year and using their tax return to claim relief.

4. Overseas Shareholders

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

B THE COMPANY

1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on a regulated market;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares in Qualifying Investments, 30% of which must be eligible shares (70% for funds raised after 5 April 2011);
- (e) have at least 10% by VCT Value of each Qualifying Investment in eligible shares;
- (f) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (g) not retain more than 15% of its income derived from shares and securities in any accounting period; and
- (h) not invest in a single company or group in excess of the annual limit.

The term 'eligible shares' means ordinary shares which do not carry any rights to be redeemed or a preferential right to assets on a winding-up or dividends (in respect of the latter, where the right to the dividend is cumulative or, where the amount or dates of payment of the dividend may be varied by the company, a shareholder or any other person).

2. Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to a VCT (and held by it ever since) by a company satisfying the conditions set out in Chapters 3 and 4 of Part 6 of ITA 2007.

The conditions are detailed, but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and cannot be controlled by another company, have fewer than 250 full-time (equivalent) employees, and at the time of investment do not obtain more than £5 million of investment from state aided risk capital measure in any rolling 12 month period. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on PLUS and AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial activities). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

The company must have a permanent establishment in the UK, but the company need not be UK resident. 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.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51% owned.

4. Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval by HMRC.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such further funds become subject to the tests.

However, to aid the launch of a VCT, HMRC may give provisional approval if satisfied that conditions (b), (c), (f) and (g) in paragraph 1 above will be met throughout the current or subsequent accounting period and condition (d) in paragraph 1 above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

The Company has obtained approval as a VCT from HMRC. The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT.

5. Withdrawal of approval

Approval of a VCT (full or provisional) may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

Withdrawal of approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

Withdrawal of provisional approval has effect as if provisional approval had never been given (including the requirement to pay corporation tax on prior gains).

PART VI - ADDITIONAL INFORMATION

1. Share capital

As at 22 October 2012 (this being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

	Issued and fully paid	
	No. of Shares	£
Shares (1p each)	43,818,402	438,184.02

As at 22 October 2012 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

2. Directors' and their interests

- 2.1 As at 22 October 2012 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families) in the issued share capital of the Company were as follows:

Director	No. of Shares	% of Issued Share Capital
Keith Mullins	104,548	0.24
Andrew Raynor	20,700	0.05
Elizabeth Kennedy	37,380	0.09
Alastair Ritchie	31,809	0.07

- 2.2 Keith Mullins and Andrew Raynor were appointed as Directors on 14 September 2005 pursuant to appointment letters dated 28 September 2005. Elizabeth Kennedy and Alastair Ritchie were appointed as Directors on 12 August 2010 pursuant to appointment letters of the same date. The Directors' appointments are terminable on three months' notice and no arrangements have been entered into by the Company, entitling the Directors to compensation for loss of office nor have amounts been set aside to provide pension, retirement or similar benefits. Keith Mullins, as chairman of the Company, is entitled to annual remuneration of £20,000, Andrew Raynor, as audit committee chairman, is entitled to annual remuneration of £17,000 while the annual remuneration receivable by Elizabeth Kennedy and Alastair Ritchie is £15,000.
- 2.3 There are no potential conflicts of interest between the duties of any Director and their private interests and/or duties.

3. Substantial shareholders

As at 22 October 2012 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, directly or indirectly, an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FSA, a holding of 3% or more must be notified to the Company).

4. Material Contracts

Save as disclosed in this paragraph 4, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

A discretionary investment management agreement dated 6 October 2005 between the Company and Close Investment Limited (2), which was novated to Octopus pursuant to a novation agreement dated 29 July 2008 and as varied by a deed of variation dated 8 July 2010, pursuant to which Octopus provides certain investment management services and administration and secretarial services to the Company for a fee payable quarterly in monthly instalments on the first day of each month of an amount equivalent to 2 per cent. per annum (exclusive of VAT, if any)

of the NAV of the Company calculated in accordance with the Company's normal accounting policies.

The agreement is terminable on 12 months' notice by either party subject to earlier termination by either party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by the Company if it fails to become, or ceases to be, a VCT for tax purposes or where Octopus ceases to be authorised by the FSA.

The agreement contains provisions indemnifying Octopus against any liability not due to its default, gross negligence, fraud or breach of the FSMA.

5 Octopus

- 5.1 Octopus is one of the UK's leading fund management companies with more than £2.7 billion under management (as at 31 May 2012). Octopus has more than 200 staff, including over 50 investment professionals, and has twice been voted as one of the 'Top 100 Small and Medium-Sized Companies to Work For' in the Sunday Times.
- 5.2 Octopus (telephone number 0800 316 2298) was incorporated and registered in England and Wales as a private limited company on 8 March 2000 under number 03942880. Octopus' registered office and principal place of business is at 20 Old Bailey, London EC4M 7AN. Octopus is authorised and regulated by the Financial Services Authority to advise on investments, arrange deals in investments and to make arrangements with a view to transactions in investments. The principal legislation under which Octopus operates is CA 2006 (and regulations made thereunder).

6 General

- 6.1 The Company, formerly known as Close IHT AIM VCT plc and Octopus IHT AIM VCT plc, was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 4 August 2005 with registered number 05528235. The principal legislation under which the Company operates is CA 2006 (and regulations made thereunder). The legal and commercial name of the Company is Octopus Second AIM VCT plc. The Company is domiciled in England. The Company has no employees or subsidiaries.
- 6.2 Statutory accounts of the Company for the year ended 30 November 2009, 2010 and 2011 in respect of which the Company's auditors, PKF (UK) LLP, have made unqualified reports under Section 495 CA 2006, have been delivered to the Registrar of Companies and such reports did not contain any statements under Section 495 to Section 497A CA 2006.
- 6.3 Save for the fees paid to the Directors as detailed in paragraph 2.2 above, the fees paid under the arrangements set out in paragraph 4 above and the fees paid to Octopus of £nil (2009), £30,176.18 (2010), £325,132.36 (2011) and £90,702.23 (current year) in respect of promotion fees, there were no related party transactions or fees paid by the Company during the years ended 30 November 2009, 2010 and 2011 or to the date of this document in the current financial year.
- 6.4 Promotion fees amounting to approximately £91,000 have been paid to Octopus in aggregate over the 12 months to date which, together with the maximum Enhanced Buyback Facility administration and potential offer promotion fees of approximately £841,000 and £550,000 respectively amount to approximately £1,482,000 in aggregate.
- 6.5 There has been no significant change in the financial or trading position of the Company since 31 May 2012, the date to which the Half-Yearly Report was made up to, and the date of this document.
- 6.6 Matrix has given and not withdrawn its written consent to the issue of this document and the inclusion of its name and the references to it in this document in the form and context in which they appear.

7 Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the General Meeting at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG and also at the registered office of the Company.

- 7.1 the articles of association of the Company;

- 7.2 the audited report and accounts of the Company for the financial years ended 30 November 2009, 2010 and 2011 and the Half-Yearly Report for the six month period ended 31 May 2012;
- 7.3 the material contract referred to in paragraph 4 above;
- 7.4 the Matrix consent referred to at paragraph 6.6 above; and
- 7.5 this document.

PART VII – ENHANCED BUYBACK FACILITY APPLICATION PROCEDURES AND TERMS AND CONDITIONS

ENHANCED BUYBACK FACILITY APPLICATION PROCEDURES

To apply to participate in the Enhanced Buyback Facility, please complete and return the Enhanced Buyback Facility Application Form (coloured pink and at the end of this document), together with your relevant share certificate to Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN by post or hand delivered (during normal business hours only) by 12.00 noon on 28 December 2012.

Please complete all parts of the relevant Enhanced Buyback Facility Application Form(s) in accordance with the following instructions. If multiple registered holdings are applicable please complete separate Enhanced Buyback Facility Application Forms for each such holding by copying the form as necessary.

You are recommended to consult with your financial adviser before completing the Enhanced Buyback Facility Application Form, in particular if Existing Shares have not been held for five years.

Section 1 Existing Shares to be Tendered

A shareholder should insert, in BLOCK CAPITALS, their personal details, including full name, address, date of birth, national insurance number and contact details.

A Shareholder should insert the maximum number of Existing Shares that they wish to tender in the Enhanced Buyback Facility into Box 1A of the Enhanced Buyback Facility Application Form.

If a Shareholder wishes to apply for only their Basic Entitlement to be tendered (i.e. 50% of their shareholding as at the Record Date), a cross [x] should be placed in Box 1B of the Enhanced Buyback Facility Application Form.

Section 2 To be completed by all Shareholders participating in the Enhanced Buyback Facility

Please sign/execute and date the form in accordance with the instructions thereon. By signing and dating the form, Shareholders will agree to sell Existing Shares and subscribe in their own name or, if completed, the name of the person detailed in Section 3 for New Shares under the terms and conditions of the Enhanced Buyback Facility as set out in this Part VII.

Individual shareholders will need to have their form witnessed by someone that does not have a vested interest in their Shares or is a family member.

By signing an Enhanced Buyback Facility Application Form, a Shareholder **DECLARES THAT:**

- i. they have read the Enhanced Buyback Facility Terms and Conditions of Application set out in the Circular and agree to be bound by them;
- ii. they are the legal and, unless Section 3 has been completed, the beneficial owner of the Existing Shares being tendered under the Enhanced Buyback Facility;
- iii. unless Section 3 has been completed, they will be the legal and beneficial owner of the New Shares issued to them under the Enhanced Buyback Facility;
- iv. they understand the risk factors associated with the Enhanced Buyback Facility and an investment in the Company;
- v. if such Shareholder is an Overseas Shareholder (a) they are not resident or located in any Restricted Territory, or in any territory in which it is unlawful to make or participate in the Enhanced Buyback Facility or to use the Enhanced Buyback Facility Application Form in any manner in which the person has used or will use it, (b) they have fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Enhanced Buyback Facility may be made to such Overseas Shareholder under the laws of the relevant jurisdiction; and
- vi. to the best of the Shareholder's knowledge and belief, the personal details given are correct.

By signing the Enhanced Buyback Facility Application Form on behalf of an individual whose details are shown in Section 2 of the Enhanced Buyback Facility Application Form, the person signing the form makes a declaration (on behalf of such individual) on the terms of sub-paragraphs i. to vi (as applicable) above.

Section 3 Only to be completed for applications by a nominee where the proceeds are to be reinvested for a beneficial shareholder

Please insert, in BLOCK CAPITALS, the personal details relating to the beneficial shareholder (please ensure full details are provided including full name, address, date of birth, national insurance number and contact details).

The beneficial shareholder must sign/execute and date the form and in doing so DECLARES that they are the beneficial owner of the Existing Shares being tendered under the Enhanced Buyback Facility and agrees to use the proceeds of sale of the Existing Shares to subscribe for New Shares, such sale and subscription to be under the terms and conditions of the Enhanced Buyback Facility as set out in this Part VII.

Please provide contact details for the nominee to assist with queries in relation to the application.

Section 4 Financial Intermediaries Details

If applications are being submitted via a financial intermediary, the financial intermediary should complete (in BLOCK CAPITALS) and stamp Section 4. Please provide a contact name, telephone number, email address and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold any payment of commission if the Company is not, at its sole discretion, satisfied that the agent is authorised or is unable to identify the agent on the basis of the information provided. Commission cheques will be made payable to the IFA detailed in Section 4.

If you complete and stamp Box 4 of the Enhanced Buyback Facility Application Form you are warranting that the applicant is known to you and that you have completed all the verification procedures as required by the relevant rules and guidance of the FSA, the Joint Money Laundering Steering Group Guidance Notes and other anti-money laundering laws and regulations as may be considered appropriate. You also confirm that this information can be relied upon by the Receiving Agent and Octopus and will, subject to reasonable notice, be made available to the Company, the Receiving Agent or Octopus for inspection upon request. In the event of delay or failure to produce such information, the Company may refuse to accept an application.

Applicants under the Enhanced Buyback Facility should return completed Enhanced Buyback Facility Application Forms, together with share certificates, to Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN by post or hand delivered (during normal business hours only).

ENHANCED BUYBACK FACILITY TERMS AND CONDITIONS

The following terms and conditions apply to the Enhanced Buyback Facility, save as set out below.

Save where the context otherwise requires, words and expressions defined in the Definitions section of this document have the same meanings when used in these terms and conditions and the Enhanced Buyback Facility Application Form.

The section headed "Enhanced Buyback Facility Application Procedure" in this Part VII and the Enhanced Buyback Facility Application Form form part of these terms and conditions of application.

General

- (a) The Enhanced Buyback Facility provides the means for Shareholders (other than certain Overseas Shareholders) to apply to tender some or all of their Existing Shares to the Company for repurchase and to subscribe (or, if applicable, for the underlying beneficial holder to subscribe where the Existing Shares are held by a nominee) for New Shares on the terms and subject to the conditions set out in the Circular and the Enhanced Buyback Facility Application Form.
- (b) Shareholders are not obliged to tender any Existing Shares pursuant to the Enhanced Buyback Facility. Shareholders who do not wish to participate in the Enhanced Buyback Facility in respect of Existing Shares should not take any action and must not complete or return the Enhanced Buyback Facility Application Form at the end of this document.

Conditions

- (c) The Enhanced Buyback Facility is conditional on approval of Resolution 1 to be proposed at the General Meeting. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn. The Enhanced Buyback Facility will only be implemented to the extent that the Board

believes that the Company has sufficient reserves to lawfully effect the purchase of Existing Shares pursuant to the Enhanced Buyback Facility.

- (d) The maximum number of Existing Shares to be purchased is 21,909,201 (which represents 50% of the issued share capital of the Company as at the Record Date).
- (e) The Enhanced Buyback Facility is open to all Shareholders (other than certain Overseas Shareholders) and their beneficial holder if the Existing Shares are held by a nominee, on the register on the Record Date. Shareholders who hold their Existing Shares in CREST will need to rematerialise their Existing Shares into certificated form in order to participate in the Enhanced Buyback Facility.
- (f) The Enhanced Buyback Facility opens on 23 October 2012 and will close at 12.00 noon on 28 December 2012. The Board reserves the right to extend the Enhanced Buyback Facility and to accept applications and to purchase Existing Shares and issue, and arrange for the listing of, New Shares on dates later than those stated above.
- (g) Each Shareholder (other than certain Overseas Shareholders) is:
 - (i) entitled to apply to sell a number of Existing Shares up to their Basic Entitlement at the Tender Price with the proceeds simultaneously being used to purchase New Shares at the Issue Price, rounded down to the nearest whole New Share; and
 - (ii) also entitled to apply to tender additional Existing Shares in excess of their Basic Entitlement in the event other Shareholders do not participate up to 50% of the issued share capital as at 22 October 2012 (the excess to be allocated pro rata to the number of Existing Shares tendered, subject to the discretion of the Board).
- (h) If the Board considers that the Company does not have sufficient reserves to lawfully implement the Enhanced Buyback Facility in full or that implementing the Enhanced Buyback Facility in respect of valid applications received would result in the Company having insufficient reserves for ongoing purposes (taking into account reserves expected to be created), the Board may reduce the maximum number of Existing Shares to be purchased under the Enhanced Buyback Facility and a Shareholder's entitlement to participate up to his or her Basic Entitlement will be reduced accordingly.
- (i) The Enhanced Buyback Facility will be implemented by the Company and the Broker (as the Company's agent) and no cash is required to be paid by participating Shareholders. The Enhanced Buyback Facility is treated as comprising a tender offer to purchase Existing Shares and the issue of New Shares pursuant to an offer for subscription.

Settlement

- (k) The Receiving Agent will process applications from Shareholders to sell Existing Shares to the Company and to subscribe for New Shares under the Enhanced Buyback Facility.
- (l) Existing Shares in respect of which a valid application is made under the Enhanced Buyback Facility will be purchased by the Broker as agent for the Company at the Tender Price. The proceeds of the sale of the Existing Shares are authorised by each relevant Shareholder to be retained by the Company and used on behalf of that Shareholder or, if applicable, the underlying beneficial holder where the Existing Shares are held by a nominee, to purchase New Shares at the Issue Price.
- (m) New Shares will be issued and credited as fully paid. Application will be made to the UK Listing Authority for the New Shares to be issued to be admitted to the premium segment of the Official List of the UK Listing Authority and to the London Stock Exchange's market for trading on the London Stock Exchange's main market for listed securities. Admission is expected to take place within three Business Days after each allotment.
- (n) The application of the proceeds of the sale of Existing Shares in respect of the subscription for New Shares will fully discharge any obligation of the Company and/or the Broker to pay to a Shareholder the consideration to which he or she is entitled in respect of the purchase of Existing Shares. Any proceeds of sale of the Existing Shares insufficient to purchase a whole New Share will be retained by the Company and used for its own purposes.

Overseas Shareholders

- (o) The distribution of this document and an Enhanced Buyback Facility Application Form and making the Enhanced Buyback Facility available to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions.
- (p) No steps have been or will be taken by, the Company, Octopus, the Receiving Agent or the Broker or any other person, to qualify the Enhanced Buyback Facility or to authorise the extending of the Enhanced Buyback Facility or the distribution of the Enhanced Buyback Facility Application Form in any territory outside the UK. In particular, the Enhanced Buyback Facility is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the Restricted Territories and the Enhanced Buyback Facility cannot be accepted by any such use, means, instrumentality or facility or from within the Restricted Territories. Accordingly, this document is being sent to Shareholders with registered addresses in the Restricted Territories for the purposes of the General Meeting only. Receipt of this document and/or the Enhanced Buyback Facility Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances, this document and/or the Enhanced Buyback Facility Application Form will be deemed to have been sent for information only and should not be copied or redistributed. Persons receiving such documents or wishing to participate in the Enhanced Buyback Facility should not distribute or send them in, into or from the Restricted Territories or use such mails or any such means, instrumentality or facility in connection with the Enhanced Buyback Facility and so doing will render invalid any related purported acceptance of the Enhanced Buyback Facility. All accepting Shareholders must provide addresses outside the Restricted Territories for the return of documents lodged pursuant to the Enhanced Buyback Facility.
- (q) A Shareholder will be deemed not to have applied under the Enhanced Buyback Facility if: (i) such Shareholder is unable to make the representation and warranty set out in section 2 of this Part VII; or (ii) such Shareholder completes an Enhanced Buyback Facility Application Form with an address in any of the Restricted Territories or has a registered address in any of the Restricted Territories; or (iii) the Enhanced Buyback Facility Application Form received from him is in an envelope postmarked in, or which otherwise appears to the Company, Octopus, the Receiving Agent, the Broker or their agents to have been sent from, a Restricted Territory. The Company, Octopus, the Receiving Agent, the Broker reserve the right, in their absolute discretion, to investigate, in relation to any acceptance, whether the representation and warranty referred to at paragraph (v) of this Part VII given by any Shareholder is correct and, if such investigation is undertaken and as a result they determine (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.
- (r) If, in connection with making the Enhanced Buyback Facility available and notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Enhanced Buyback Facility Application Form or any related offering documents in, into or from the Restricted Territories or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or any facility of a national securities exchange of, the Restricted Territories in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported participation in the Enhanced Buyback Facility by the recipient; and (iii) draw the attention of the recipient to the warranties set out at paragraph (v) of this Part VII.
- (s) The terms and conditions set out in this document and the Enhanced Buyback Facility Application Form relating to the participation of Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.
- (t) Shareholders who are citizens, residents or nationals, of other countries should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in

connection therewith, including the obtaining of any governmental or other consents that may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for payment of any such issue, transfer or other taxes or other requisite payments due by whomsoever payable and the Company, Octopus, the Broker and/or the Receiving Agent and any person acting on either's behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes as such person may be required to pay. The comments set out in this document are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional adviser in the relevant territory.

Adviser Commission

- (u) Financial intermediaries who, acting on behalf of their clients, return valid Enhanced Buyback Facility Application Forms for the Enhanced Buyback Facility bearing their FSA number, will normally be paid initial commission of 2.5%. In addition, provided that the intermediary continues to act for the client and the client continues to be the beneficial owner of the New Shares, they will normally (where permitted) be paid an annual trail commission of 0.5% of the initial net asset value of their client's holding in New Shares for a period of nine years from the allotment date of the relevant New Shares. Financial intermediaries may agree to waive all of their initial commission in respect of an application. If this is the case, then applications will be increased by the amount of initial commission waived (i.e. 2.5%) and the enlarged application will be applied in subscribing for New Shares at the Issue Price through the Enhanced Buyback Facility. No further fees or commission will be paid in respect of such additional New Shares. Financial intermediaries should keep a record of Enhanced Buyback Application Forms submitted bearing their FSA number to substantiate any claim for introductory commission. Claims for introductory commission must be made and substantiated on the Enhanced Buyback Application Forms.

Applications

- (v) Each Shareholder by whom, or on whose behalf, an Enhanced Buyback Facility Application Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and the Broker (so as to bind such Shareholder and their personal or legal representatives, heirs, successors and assigns) that:
 - 1. the execution of the Enhanced Buyback Facility Application Form constitutes an offer to sell the number of Existing Shares inserted or deemed to be inserted in Box 1 of the Enhanced Buyback Facility Application Form and an offer to subscribe for New Shares, such New Shares to be issued to such Shareholder, subject to the Articles and subject to the terms and conditions set out or referred to in the Circular and the Enhanced Buyback Facility Application Form and that, once lodged, such offers are irrevocable;
 - 2. such Shareholder has full power and authority to tender, sell, assign or transfer the Existing Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company (through the Broker as its agent), the Company will acquire such Existing Shares free and clear from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all the rights attaching thereto including the right to receive all dividends and other distributions declared, paid or made after the date of purchase;
 - 3. that the execution of the Enhanced Buyback Facility Application Form will, subject to the Enhanced Buyback Facility becoming unconditional, constitute the irrevocable appointment of any Director or officer of, or other person nominated by, the Company as such Shareholder's attorney and agent ("attorney"), and an irrevocable instruction to the attorney, to complete and execute all or any instruments of transfer and/ or other documents at the attorney's discretion in relation to the purchase of the Existing Shares tendered and accepted for purchase and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Enhanced Buyback Facility (and if the appointment of an attorney hereunder shall be unenforceable or invalid or shall not operate so as to afford any Director or officer of the Company the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of this paragraph);

4. such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected by the Receiving Agent, the Company, Octopus and/or the Broker or any of their Directors or any person nominated by them in the proper exercise of its or his or her respective powers and/or authorities hereunder;
5. in respect of the tendered Existing Shares, such Shareholder will deliver to the Receiving Agent their share certificate(s) and/or other document(s) of title in respect thereof, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such documents to such person as soon as possible after and, in any event, before the closing date or, if earlier, the date of completion of the purchase of Existing Shares and allotment of New Shares;
6. such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Existing Shares and/or to subscribe for any New Shares issued under the relevant Enhanced Buyback Facility and/or to perfect any of the authorities expressed to be given hereunder;
7. if such Shareholder is an Overseas Shareholder (a) they are not resident or located in any Restricted Territory, or in any territory in which it is unlawful to make or participate in the Enhanced Buyback Facility or to use the Enhanced Buyback Facility Application Form in any manner in which the person has used or will use it, (b) they have fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Enhanced Buyback Facility may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
8. the execution of the Enhanced Buyback Facility Application Form constitutes a warranty by such Shareholder that the information given by or on behalf of such Shareholder is true and accurate in all respects at the time the Company purchases the Existing Shares and allots the New Shares and that in making the application such Shareholder is not relying on any information or representation in relation to the Company other than that contained in the Circular, and that the Shareholder applying to participate in the Enhanced Buyback Facility accordingly agrees that no person responsible solely or jointly for the Circular or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, it will be deemed to have had notice of all information in relation to the Company contained in the Circular;
9. such Shareholder is not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
10. the execution of the Enhanced Buyback Facility Application Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Enhanced Buyback Facility and their agreement that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with such Shareholder's application, acceptances of the application and contracts in any other manner permitted by law or any court of competent jurisdiction;
11. such Shareholder agrees that mandates in respect of the dividend investment schemes to which the Existing Shares are mandated and information and authorities in respect of payment of dividends direct to bank accounts be transferred to the New Shares allotted through participating in the Enhanced Buyback Facility.

Additional Provisions

- (w) The Company reserves the absolute right to inspect (either itself or through the Receiving Agent or other agents) all Enhanced Buyback Facility Application Forms, and may consider void and reject any Enhanced Buyback Facility Application Form that does not in the sole judgment of the Company satisfy the terms and conditions of the Enhanced Buyback Facility. If the Enhanced Buyback Facility Application Form is not completed or in the Company's determination (in its absolute discretion) has not been validly completed, provided that the Enhanced Buyback Facility Application Form is otherwise in order and accompanied by all other relevant documents, the tender may be accepted as a valid tender in whole or part at the Company's discretion. The delivery of share certificate(s) for Existing Shares and all other required documents will be at the risk of the Shareholder participating in the Enhanced Buyback Facility. If the relevant Enhanced Buyback Facility is withdrawn or terminated, all documents lodged will be returned to Shareholders by post (at the risk of the Shareholder) within 14 business days. In these circumstances, Enhanced Buyback Facility Application Forms for the Enhanced Buyback Facility will cease to have any effect.
- (x) Existing Shares acquired by the Company (through the Broker as its agent) pursuant to the Enhanced Buyback Facility will be on-market purchases in accordance with the rules of the London Stock Exchange, the UKLA and CA 2006. Existing Shares sold by Shareholders pursuant to the Enhanced Buyback Facility will be acquired with full title guarantee, fully paid and free from all liens, charges, encumbrances and equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto including the right to receive all dividends and other distributions declared, paid or made on or after the date of purchase.
- (y) The failure of any person to receive a copy of the Circular or the Enhanced Buyback Facility Application Form shall not invalidate any aspect of the Enhanced Buyback Facility. Additional copies of this document and Enhanced Buyback Facility Application Forms can be obtained from the Receiving Agent. No acknowledgement of receipt of any Enhanced Buyback Facility Application Forms, share certificates and/or other documents of title will be given.
- (z) References in these terms and conditions to a holder of Existing Shares or a Shareholder shall include references to the person or persons executing an Enhanced Buyback Facility Application Form (including as is applicable, to a beneficial shareholder where the Existing Shares are held by a nominee) and, in the event of more than one person executing an Enhanced Buyback Facility Application Form, the provisions of this paragraph shall apply to them jointly and to each of them.
- (aa) The terms of the Enhanced Buyback Facility shall have effect subject to such non-material modifications as the Board sees fit.

OCTOPUS SECOND AIM VCT PLC

(Registered in England and Wales with registered number 05528235)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Octopus Second AIM VCT PLC ("the Company") will be held at 11.15 a.m. on 20 November 2012 at the offices of Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN, for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 3 will be proposed as special resolutions and resolution 4 will be proposed as an ordinary resolution.

Special Resolutions

1. That, in addition to existing authorities:

- (i) the Company be generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of Section 693(4) of the Act) of its shares of up to 21,909,201 of its own shares at a fixed price equal to the latest published net asset value per share prior to the date of purchase (rounded down to the nearest 0.1p), which fixed price shall, for the purposes of Section 701(3)(b) of the Act, constitute both the maximum and minimum price that may be paid for the shares purchased, pursuant to, or in contemplation of, an enhanced buyback facility;
- (ii) the directors be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all powers of the Company to allot and issue shares in the capital of the Company up to an aggregate amount of £219,092.01, provided that this power shall be limited to the allotment of shares at a price per share equal to the latest published net asset value of an existing share prior to the date of allotment and divided by 0.945 (rounded up to the nearest 0.1p) pursuant to, or in contemplation of, an enhanced buyback facility; and
- (iii) the directors be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by paragraph (ii) of this resolution as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of shares at a price per share equal to the latest published net asset value of an existing share prior to the date of allotment and divided by 0.945 (rounded up to the nearest 0.1p) pursuant to, or in contemplation of, an enhanced buyback facility

and the authority and powers conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2013, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted and purchased and the directors may allot and purchase shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

2. That, in addition to the existing authorities and the authorities conferred by resolution 1 set out in this notice:

- (i) the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £200,000, provided that, the authority conferred by this paragraph (i) shall expire on the conclusion of the annual general meeting of the Company to be held in 2014 (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry; and
- (ii) the directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph (i) of this resolution or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this paragraph (ii) shall expire on the conclusion of the annual general meeting of the Company to be held in 2014 (unless renewed, varied or revoked by

the Company in a general meeting) and provided further that this power shall be limited to the allotment and issue of shares up to an aggregate nominal value of £200,000 pursuant to offer(s) for subscription (where the proceeds may in whole or part be used to purchase shares).

3. That the share premium account of the Company and the capital redemption reserve of the Company be and hereby are cancelled.

Ordinary Resolution

4. That the Related Party Transaction (as defined, and details of which are set out on the circular to shareholders dated 23 October 2012) between the Company and Octopus Investments Limited be and hereby is approved.

Dated 23 October 2012

By order of the Board
Company Secretary
Patricia Standaloft ACIS

Registered Office:
20 Old Bailey
London
EC4M 7AN

Notes:

1. None of the directors has a service contract. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), members must be registered in the register of members of the Company at 5.00 p.m. on 18 November 2012 (or, in the event of any adjournment, 5.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the form of proxy indicating on each copy of the form of proxy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed. You should send all pages to Capita Registrars. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy is attached to this document and a reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 11.15 a.m. on 18 November 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. As at 22 October 2012 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 43,818,402 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 22 October 2012 was 43,818,402.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. You may submit your proxy electronically using the Shareportal Service at www.capitashareportal.com. If not already registered for the share portal, you will need your investor code which can be found on your share certificate. If you cannot locate your investor code, please contact Capita Registrars Limited, between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars' helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.
10. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
11. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is not exercised.
12. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
13. Information regarding the meeting is also available at the following website: www.octopusinvestments.com.

OCTOPUS SECOND AIM VCT PLC

FORM OF PROXY

I/We

(Block Capitals Please)

of

being a shareholder(s) of the above-named Company, appoint the Chairman of the General Meeting or

for the following number of shares (insert number or all)

to act as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at the offices of Octopus Investments Limited, 20 Old Bailey, London EC4M 7AN at 11.15 a.m. on 20 November 2012 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given ☐

The proxy is directed to vote as follows:

Resolutions		For	Against	Discretion	Vote Withheld
1. Composite resolution to approve the issue and repurchase of shares in connection with an enhanced buyback facility.	Special				
2. Composite resolution to approve the issue of shares in connection with offer(s).	Special				
3. Approve the cancellation of share premium account and capital redemption reserve.	Special				
4. Approve the related party transaction with Octopus.	Ordinary				

Signature..... Dated..... 2012

Notes:

- The notice of the General Meeting is set out in the circular to shareholders of the Company dated 23 October 2012.
- If any other proxy is preferred, strike out the words "Chairman of the General Meeting" and add the name and address of the proxy you wish to appoint. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars Limited, between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday on telephone number 0871 664 0324 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars' helpline (0871 664 0324) are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.
Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be. A reply paid envelope is enclosed for use.
- You may submit your proxy electronically using the Shareportal Service at www.capitashareportal.com If not already registered for the share portal, you will need your investor code which can be found on your share certificate. If you cannot locate your investor code, please contact Capita Registrars Limited, between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita Registrars' helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.
- The completion of this form will not preclude a member from attending the General Meeting and voting in person.

this page is intentionally left blank

OCTOPUS SECOND AIM VCT PLC

ENHANCED BUYBACK FACILITY APPLICATION FORM

Before completing this Enhanced Buyback Facility Application Form you should read the circular issued by the Company dated 23 October 2012 ("Circular"). Definitions used in the Circular apply herein.

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, in particular if you have not held your Existing Shares for five years, you are recommended to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising upon investment in shares and other securities, without delay.

The Enhanced Buyback Facility is only being made available to Shareholders (other than certain Overseas Shareholders) on the register on 22 October 2012. The Enhanced Buyback Facility is not being made, directly or indirectly, in or into a Restricted Territory. The distribution of this and any accompanying documents into a Restricted Territory is or may be restricted by law and therefore persons into whose possession this form and accompanying documents come should inform themselves about, and observe, such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this Enhanced Buyback Facility Application Form and its accompanying documents should read the section headed 'Overseas Shareholders' in Part VII of the Circular before taking any action.

The Enhanced Buyback Facility is conditional on the approval of Resolution 1 to be proposed at the General Meeting to be held on 20 November 2012. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn.

Shareholders who do not wish to participate in the Enhanced Buyback Facility should take no further action.

AN APPLICATION UNDER THE ENHANCED BUYBACK FACILITY MAY ONLY BE MADE BY ELIGIBLE SHAREHOLDER(S) ON THE REGISTER ON 22 OCTOBER 2012. IT IS NOT A NEGOTIABLE DOCUMENT OR A DOCUMENT OF TITLE AND CANNOT BE TRADED. This Enhanced Buyback Facility Application Form is for use by eligible Shareholder(s) only and cannot be sold, assigned, transferred, or split. Nominees who wish to participate in respect of multiple beneficial shareholders should contact Octopus Investments Limited (contact details below).

SECTION 1 – TO BE COMPLETED BY ALL SHAREHOLDERS PARTICIPATING IN THE ENHANCED BUYBACK FACILITY

Title: Mr/Mrs/Miss/Other:	Telephone (mobile):
Forename(s):	Telephone (home):
Surname:	National Insurance number:
Address:	Date of Birth:

Box 1A Insert in this box the number of Existing Shares for which your application is for	OR	Box 1B Place a cross [x] in this box to apply for your Basic Entitlement
		<input type="checkbox"/>

1. Please insert the maximum number of Existing Shares that you wish to tender in the Enhanced Buyback Facility into Box 1A; or
2. If you wish to apply to participate for your Basic Entitlement only (i.e. 50% of your holding of Existing Shares), please put a cross in Box 1B.

Completed application forms for the Enhanced Buyback Facility must be returned, together with existing share certificates, to Octopus Investment Limited, 20 Old Bailey, London EC4M 7AN by post or hand delivered (during normal business hours).

Shareholders who have queries in respect of the Enhanced Buyback Facility should contact Octopus, telephone: 0800 294 6828 between the hours of 8.00 a.m. and 6.00 p.m. on any Business Day. No financial, legal, tax or investment advice will be given.

Shareholders who have queries about their holdings and/or date(s) of acquisition should contact the Company registrars, Capita Registrars, telephone: 0871 664 0324 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0324 number cost 10p per minute from a BT landline. Other network providers may vary. Lines are open Monday to Friday 9.00 a.m. - 5.30 p.m. (London time), No financial, legal, tax or investment advice will be given.

ALL SHAREHOLDERS - PLEASE SIGN AND DATE THE ENHANCED BUYBACK FACILITY APPLICATION FORM AT SECTION 2. IF YOUR APPLICATION IS VIA AN AUTHORISED FINANCIAL INTERMEDIARY, PLEASE ENSURE SECTION 4 IS COMPLETED BY SUCH INTERMEDIARY BEFORE BEING SUBMITTED.

APPLICATIONS BY A NOMINEE WHERE THE PROCEEDS ARE TO BE REINVESTED FOR A BENEFICIAL SHAREHOLDER - PLEASE ARRANGE FOR THE BENEFICIAL SHAREHOLDER TO COMPLETE, SIGN AND DATE SECTION 3.

SECTION 2 – TO BE COMPLETED BY ALL SHAREHOLDERS PARTICIPATING IN THE ENHANCED BUYBACK FACILITY

By signing this Enhanced Buyback Facility Application Form at Section 2 or 3, you agree to sell the number of Existing Shares detailed in Box 1 at the Tender Price and have the proceeds of sale used to purchase New Shares at the Issue Price in your name or, if completed, the name of the person detailed in Section 3 on the terms and conditions of the Enhanced Buyback Facility contained in the Circular. In the event of inadequate share certificates being received, applications will be rejected.

EXECUTION BY INDIVIDUALS - Signed and delivered as a deed by:

Signature(s) of Applicant(s)	Signature(s) of Witness(es)	Name and address of Witness(es)

Individual shareholders will need to have their form witnessed by someone that does not have a vested interest in their Shares or is a family member.

EXECUTION BY COMPANIES - Executed and delivered as a deed by the company named below
Alternative 1 – Director and Director/Secretary

	Name	Signature
Director		
Director/Secretary*		

(*delete as appropriate)

OR

Alternative 2 – Director and Witness

	Name	Signature
Director		

AND

Signature(s) of Applicant(s)	Signature(s) of Witness(es)	Name and address of Witness(es)

Data Protection

Octopus Investments Limited and Capita Registrars Limited will use the information you give for administration, research and statistical purposes. Information provided by you will be held in confidence by Octopus Investments Limited and Capita Registrars Limited and will not be passed on to any other product or service companies. Your details may be used by Octopus Investments Limited and Capita Registrars Limited to send you information on other products and services they offer. If you would prefer not to receive such information, please tick this box.

☐**SECTION 3 – ONLY TO BE COMPLETED FOR APPLICATIONS BY A NOMINEE WHERE THE PROCEEDS ARE TO BE REINVESTED FOR A BENEFICIAL SHAREHOLDER****Beneficial shareholder to complete details.**

Title: Mr/Mrs/Miss/Dr/Other:	Telephone (work):
Forename(s):	Telephone (home):
Surname:	National Insurance number:
Address:	Date of Birth:

By signing this Enhanced Buyback Facility Application Form the beneficial shareholder agrees to subscribe for New Shares at the Issue Price (such subscription monies to be satisfied from the proceeds of sale of the Shares) on the terms and conditions of the Enhanced Buyback Facility contained in the Circular. In the event of inadequate information being received, applications will be rejected. Evidence of identity may be requested.

Signed and delivered as a deed by:

Signature(s) of Applicant(s)	Signature(s) of Witness(es)	Name and address of Witness(es)

Nominee contact details for queries

Telephone:	Email:
------------	--------



SECTION 4 – TO BE COMPLETED BY FINANCIAL INTERMEDIARIES

Financial Advisers to complete details for the purposes of initial commission and annual trail commission.

Name of Financial Adviser:	
Company Name:	Network Name:
Title: Mr/Mrs/Miss	FSA No.:
Forename(s):	Surname:
Email:	Telephone:
Name of Administrator/Support Staff:	
Title Mr/Mrs/Miss	
Forename:	Surname:
If commission is to be paid to a network or head office, please give details:	
Waived Commission Please tick this box if you would like your initial commission of 2.5% to be waived and reinvested for additional New Shares for your client. <input type="checkbox"/>	
Intermediary Bank Details	
Account name: Bank/Building Society: Sort Code: Account Number: Commission email address:	

The Company, Octopus Investments Limited and Capita Registrars Limited accept no liability for any instruction that does not comply with these conditions.

CORPORATE INFORMATION

Directors

Keith Mullins (Chairman)
Andrew Raynor
Elizabeth Kennedy
Alastair Ritchie

Registered Office

20 Old Bailey
London
EC4M 7AN

Telephone: 0800 316 2295

Enhanced Buyback Facility enquiries to Octopus: 0800 294 6828

Website: www.octopusinvestments.com

Company Number: 05528235

Investment Manager and Administrator

Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN

Solicitors

SGH Martineau LLP
No.1 Colmore Square
Birmingham
B4 6AA

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Company Secretary

Patricia Standaloft ACIS
20 Old Bailey
London
EC4M 7AN

Brokers

Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Website: www.capitashareportal.com

Shareholder Helpline: 0871 664 0324

Calls cost 10p per minute plus network extras

Lines open from 9.00 a.m. until 5.30 p.m. (Monday to Friday)

