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# OCTOPUS

## ECLIPSE VCTs

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TOP UP OFFERS FOR  
THE TAX YEAR 2011/2012

Octopus Eclipse VCT plc  
Octopus Eclipse VCT 2 plc



Offers' Document

8 February 2012

To raise up to £1,200,000 each and up to  
£2,400,000 in aggregate by way of an issue  
of New Shares in the Companies



## 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 independent financial adviser authorised pursuant to the FSMA 2000.

This document, which constitutes a financial promotion for the purposes of Section 21 of the FSMA 2000, has been approved, for the purposes of that section only, by Octopus Investments Limited ("Octopus"), which is authorised and regulated by the Financial Services Authority in the United Kingdom, pursuant to the FSMA. In approving this document, Octopus is acting solely for the Companies and no-one else and will not be responsible to anyone other than the Companies for providing the protections afforded to customers of Octopus or for providing financial advice in relation to the subject of this document. This document contains details of the Octopus Eclipse VCTs' top up Offers for the tax year 2011/2012 for New Shares in each of the Companies (each an "Offer" and together the "Offers").

There is no guarantee that a Company's investment objective will be attained. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances. No person, other than Octopus, has been authorised to issue any advertisements or give any information, or make any representations in connection with the Offers, other than those contained in this document, and if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Companies. This document does not constitute either a prospectus or listing particulars.

Each Company accepts responsibility for the information contained in this document relating to it and the terms of its Offer, but accepts no responsibility for any information contained in this document specifically relating to the other Companies or their Offers. The Board of each Company has taken reasonable care to ensure that all applicable facts in this document in respect of its Company are true, fair and not misleading. The attention of prospective investors is drawn to the Risk Factors section of this document.

Applications will be made to the UK Listing Authority for the New Shares issued by each Company to be admitted to the premium segment of the Official List and to the London Stock Exchange for the admission of such New Shares to trading on its main market for listed securities. It is expected that admission will become effective and that dealings in the New Shares will commence within ten business days of their allotment. Each Company's existing issued Shares are traded on the London Stock Exchange plc's main market for listed securities.

The Offers are not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or their respective territories or possessions, and documents should not be distributed, forwarded or transmitted in or into such territories. The New Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa.

## AVAILABILITY OF THIS DOCUMENT

Copies of this document, including the Application Forms, are available from:

Octopus Investments Limited  
20 Old Bailey  
London  
EC4M 7AN

Tel: 0800 316 2295  
[www.octopusinvestments.com](http://www.octopusinvestments.com)

A copy of this document will also be available to the public for inspection at the National Storage Mechanism at [www.hemscott.com](http://www.hemscott.com) under the reference for each of the Companies.

**Completed Application Forms must be posted to: Octopus Investments Limited, PO Box 10847, Chelmsford CM99 2BU.**

A pre-printed reply paid envelope is enclosed for this purpose. The Offers close on 5 April 2012. The Offers may close earlier if they are fully subscribed.

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# EXPECTED TIMETABLE

## THE COMPANIES

Octopus Eclipse VCT plc	registered number 05074325
Octopus Eclipse VCT 2 plc	registered number 05260491

## EXPECTED TIMETABLE

Launch date of the Offers	8 February 2012
Allotments under the Offers	5 April 2012
Closing date of Offers 2011/2012 tax year	12pm (noon) on 5 April 2012

- The Offers will close earlier if fully subscribed. Each Board reserves the right to close its Company's Offer earlier and to accept Applications and issue New Shares at any time.
- Dealings are expected to commence in New Shares within 14 business days of allotments and share and tax certificates will be dispatched within 14 business days of allotments.
- Applicants should note that acceptance under the Offers is subject to applying under each Offer for an equal amount.

## STATISTICS

Costs of each Offer	5.5%
Intermediary commissions – upfront	2.5%
Intermediary commissions – trail	0.5% for nine years

- The costs of each Offer are capped at 5.5% (including intermediary commissions but excluding trail commission). Octopus has agreed to indemnify each Company against its Offer costs in excess of this amount (save for trail commission).
- Each Company will bear its own trail commission.

# RISK FACTORS

- Prospective investors should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on each Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones each Company or its Shareholders will face. Any decision to invest under the Offers should be based on consideration of this document as a whole.
- The value of the Shares could decline due to any of the risk factors described below and shareholders could lose part or all of their investment. Prospective investors should consult an independent financial adviser authorised under FSMA.
- The value of Shares can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect their underlying NAV (Net Asset Value) or that any dividends will be paid, nor should Shareholders rely upon any Share buy-back policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV.
- Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid 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 generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and Shareholders may find it difficult to realise their investment. An investment in the Companies should, therefore, be considered as a long-term investment.
- The past performance of a Company and/or Octopus is no indication of future performance. The return received by Shareholders will be dependent on the performance of the underlying investments of a Company. The value of such investments, and interest income and dividends therefrom, may rise or fall.
- Although a Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.
- A Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of a Company.
- It can take a number of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Companies invest, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.
- 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, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes. In addition, the market for securities in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities.
- Whilst it is the intention of each Board that its Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in that Company's Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should a Company lose its VCT status, dividends and gains arising on the disposal of Shares in that Company would become subject to tax and the Company would also lose their exemption from corporation tax on capital gains.
- If a Shareholder disposes of his or her Shares within five years of issue, he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed.
- If at any time VCT status is lost for a Company, dealings in its Shares will normally be suspended until such time as proposals to continue or to be wound-up have been announced.
- The tax rules, or their interpretation, in relation to an investment in the Companies and/or the rates of tax may change during the life of the Companies and may apply retrospectively.
- Changes in legislation, including those proposed in the Budget Report 2011, the 2011 Autumn Statement, the draft legislation for the 2012 Finance Bill or otherwise, concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investment opportunities and/or reduce the level of returns which would otherwise have been achievable.
- The current restriction on investment from new monies raised into companies having less than 50 full time employees, and the £2 million cap on the amount of funds that a company can raise from VCTs and Enterprise Investment Scheme within a 12 month period may, in certain cases, limit the ability of a Company to invest the net proceeds of the New Shares issued pursuant to that Company's Offer in new qualifying opportunities.
- A Company will only pay dividends on its Shares to the extent that they have distributable reserves and cash available for that purpose. A reduction in income from a Company's investments may adversely affect the dividends payable to its shareholders. Such a reduction could arise, for example, from lower dividends or lower rates of interest paid on a Company's investments, or lower bank interest rates than are currently available.

# OCTOPUS ECLIPSE VCTs – LETTER FROM THE CHAIRMEN

Dear Investor,

We are offering existing Shareholders and new investors the chance to make an investment into the Octopus Eclipse VCT and Octopus Eclipse VCT 2. Each fund is designed to provide investors with tax-efficient access to diversified portfolios of UK companies, as well as immediate eligibility to an established dividend flow.

## WHY NOW IS A GOOD TIME TO INVEST

The economic environment in 2012 may be tough but, in investment terms, it makes for fertile ground, especially for venture capital. This applies especially to the smaller end of the market, and in the type of companies in which the Octopus Eclipse VCTs invest.

Those who commit to the market at a time like this will be doing so when opportunities to invest, and the number of deals, should both be increasing. Banks are still limiting their lending to smaller companies which has led to a rise in demand for equity funding. For the young, dynamic companies with good growth potential, these are the times in which they can weather the storm and make significant progress. Past performance is no guide to future performance, although historical empirical evidence tells us that periods when an economy is moving from a recession to recovery phase can underpin stronger investment returns.

## THE OCTOPUS ECLIPSE VCT's OFFERS

The Octopus Eclipse VCTs plan to raise a combined total of £2.4 million across both funds (£1.2 million per Offer). Both new and existing investors can apply for New Shares which will rank equally with the existing Shares in the relevant Company.

The Octopus Eclipse VCTs are designed to provide qualifying investors with up to 30% upfront income tax relief, access to mature and diversified portfolios of carefully selected young growth companies and immediate eligibility to an established dividend flow. Existing Shareholders in each Company will be able to add to their current holdings while new investors will gain access to established VCT portfolios.

## REASONS TO INVEST IN THE OFFERS

- Access to a mature portfolio of companies.
- Immediate access to tax-free dividends to qualifying investors.
- Both funds will seek to achieve annual dividend yields of 5%.
- Exposure to a broad mix of diversified, later-stage investments.
- Investment strategy focused on investing in businesses with established business models and good growth opportunities.
- Favourable conditions for new investment at this point in the economic cycle.

## THE TAX BENEFITS ASSOCIATED WITH VCTS

Alongside the potential for significant returns from growing smaller companies, the Octopus Eclipse VCTs offer qualifying investors the following VCT tax benefits:

- Up to 30% income tax relief on the cost of the investment will be available provided the VCT shares are held for at least five years from issue (subject to a maximum VCT investment of £200,000 per tax year and reducing an investor's tax liability to nil). So if you invest £10,000, you're entitled to £3,000 off this year's income tax liability.
- VCTs also provide tax-free dividends and tax-free capital gains to qualifying Shareholders, subject to the annual investment limits.

## NEXT STEPS

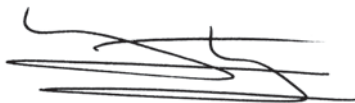
Investors must apply to invest equally under each Offer as further detailed on page 7. As we're only looking to raise a combined total of £2.4 million through these Offers we expect the limits to be reached well before the end of this tax year (5 April 2012). As such, each Company intends to allocate new shares on a first come, first served basis.

The Application Forms begin on page 14 but if you have any questions, please contact Octopus on **0800 316 2298** or speak to your financial adviser. We look forward to welcoming applications from new investors and existing Shareholders.

Yours sincerely



Viscount Cobham  
Octopus Eclipse VCT plc



Marc Vlesing  
Octopus Eclipse VCT 2 plc

# THE OFFERS

Each Company is seeking to raise £1.2 million under its Offer, before expenses. Each Company will not issue for more than 10% of its issued share capital, this being 3,166,016 Octopus Eclipse VCT plc New Shares and 1,833,382 Octopus Eclipse VCT 2 plc New Shares, being in each case the maximum permitted under the Prospectus Rules without the need to issue a prospectus and avoids the associated costs.

## TERMS OF THE OFFERS

Each Offer is a separate Offer, but an Applicant must subscribe for an equal amount in each Company under its Offer to be accepted. Individual Applications for a particular Company will not be accepted. For example, if an investor wishes to invest an aggregate amount of £10,000, the investor must apply for £5,000 of New Shares in each Company. By signing the Application Form at the back of the document, you agree that the total investment by you will be split equally amongst the two Octopus Eclipse VCTs' Offers.

Offer Prices will be determined by the following formula:

**the most recently announced NAV per Share of the relevant Company at the time of allotment, divided by 0.945 to allow for the issue costs**

Where the Share price for a Company has been declared ex-dividend on the London Stock Exchange, the NAV used for pricing under that Company's Offer will be ex-dividend. In respect of each Offer, the NAV per Share will be rounded up to one decimal place and the number of New Shares to be issued will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). Where there is a surplus of funds from Application amounts, these will be returned to Applicants (save where the amount is less than £1 per Company).

The Offers will be closed on the earlier of full subscription or once one or more Company has reached the maximum number of New Shares that can be allotted as set out above. Each Board reserves the right to close its Company's Offer earlier and to accept Applications and issue New Shares at any time. Shares issued in a Company will rank equally with the existing Shares of that Company from the date of issue.

An Application can only be made for investment in the 2011/2012 tax year.

## EXAMPLE

An illustration of the Application allocation and pricing formula for an aggregate investment of £10,000 under the Offers (using the most recently published NAVs) is set out below:

Company	Unaudited NAV as at 31 October 2011 (p)	Offer Price (p)	Allocation of Application (£)	Number of New Shares to be allotted
Octopus Eclipse VCT	60.2	63.8	5,000	7,836
Octopus Eclipse VCT 2	62.1	65.8	5,000	7,598

The Offer Price may vary between allotments by a Company based on the movement in the NAV of its Shares.

The full terms and conditions applicable to the Offers is set out on pages 11 to 13.

## USE OF FUNDS

Octopus continues to see an opportunity to make new investments at attractive valuations. The funds raised will also be used to make investments in accordance with the relevant Company's investment policy and the payment of normal running costs. This may include additional investments into existing portfolio companies where Octopus sees that it could lead to a potential increase in Shareholder value.

## COSTS OF THE OFFERS

Octopus will receive its normal promoter's fee in respect of each Offer of an amount equal to 5.5% of the amounts raised by each Company. Octopus will, out of this fee, meet all the costs of the relevant Offer (including up front intermediary commission but excluding trail commission). Octopus will be responsible for any costs relating to an Offer in excess of this amount save for annual trail commission. The net proceeds of each Offer (assuming full subscription) will, therefore, be up to £1,134,000 for each Company.

## INTERMEDIARY COMMISSIONS

Introductory commission will be paid to authorised independent financial intermediaries in respect of successful Applications by their clients. These commissions will typically be 2.5% on the amount invested in each Company. The intermediaries may then receive trail commission of 0.5% of the amount invested in each Company which is payable by the Companies themselves for up to nine years from the relevant date of allotments.

Intermediaries may agree to waive all or part of their up front commission per Company in favour of such amount being used to purchase additional New Shares in each Company at the same Offer Price as the original subscription. No further fees or commissions will apply to any additional New Shares.

## TAX BENEFITS FOR VCT INVESTORS

The following paragraphs apply to the Companies 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 financial adviser.

The tax reliefs set out below are available to individuals aged 18 or over who receive new Ordinary Shares under the Offer.

### 1. Income Tax

#### 1.1 Initial Income Tax relief

An investor, who acquires in the 2011/2012 tax year, VCT shares having a value of up to the annual limit (£200,000 from 6 April 2004) will be entitled to income tax relief at 30 per cent of the amount invested (subject to such shares being held for five years).

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

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

#### 1.2 Dividend relief

An investor, who acquires in the 2011/2012 tax year, VCT shares having a value of up to the annual limit (£200,000) will not be liable to income tax on dividends paid on those shares.

#### 1.3 Purchasers in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim dividend relief (as described in paragraph 1.2 above).

#### 1.4 Disposal of VCT Shares

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period. Dividend relief ceases to be available once the investor ceases to own the VCT shares in respect of which it has been given.

### 2. Capital Gains Tax

#### Exemption from capital gains tax on the disposal of VCT shares

A disposal by a shareholder 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 annual limit (£200,000 from 6 April 2004) for any tax year.

### 3. Withdrawal of Approval

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

In addition, relief ceases to be available on any dividend paid in respect of profits or gains in an accounting period 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.

## OBTAINING INITIAL TAX RELIEFS

Octopus will provide to each investor under the Offers a certificate which the investor may use to claim income tax relief, either by obtaining from HM Revenue & Customs 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.

## SHAREHOLDERS NOT RESIDENT IN THE UK

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

## TAX POSITION OF THE COMPANIES

The Companies each have to satisfy a number of tests to qualify as a venture capital trust. A summary of these tests is set out below.

### QUALIFICATION AS A VCT

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

- not be a close company;
- have each class of its ordinary share capital listed on a regulated market;
- derive its income wholly or mainly from shares or securities;
- have at least 70% (by VCT Value) of its investments in shares or securities in qualifying investments, of which 30% must be in eligible shares (70% for funds raised after 5 April 2011);
- have at least 10% (by VCT Value) of each qualifying investment in eligible shares;
- at the time of the relevant investment, not have more than 15% (by VCT Value) of its investments in a single company or group (other than a venture capital trust or a company which would, if its shares were listed, qualify as a venture capital trust); and
- not retain more than 15% of its income derived from shares and securities in any accounting period.

The term 'eligible shares' means shares which carry no preferential rights to voting, dividends and assets on a winding-up and no rights to be redeemed or, for funds raised after 5 April 2011, 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).

## QUALIFYING INVESTMENTS

A qualifying investment consists of shares or securities first issued to the venture capital trust (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 and for which not more than £1 million was subscribed in any one tax year (nor more than £1 million in any period of six months straddling two tax years).

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 not be controlled by another company. In certain circumstances, an investment in a company by a venture capital trust can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

For funds raised after 5 April 2006, the gross assets test was amended to £7 million immediately before and £8 million immediately after investment. In addition, for funds raised after 5 April 2007, to be qualifying holdings, investments must be in companies which have fewer than 50 full-time (equivalent) employees and do not obtain more than £2 million of investment from venture capital trusts (where funds were raised after 5 April 2007) and individuals claiming relief under the enterprise investment scheme in any rolling 12 month period.

Draft legislation to be included in the 2012 Finance Bill was announced in December 2011 that, subject to EU State Aid approval being received, will increase the above mentioned limits for new funds raised on or after 6 April 2012. The gross assets test referred to above is proposed to be increased to £15 million immediately before and £16 million immediately after the investment, the number of permitted employees for an investee company is proposed to be increased from 50 to 250 and the amount of investment obtained by companies from venture capital trusts or under the enterprise investment scheme is proposed to be increased to £10 million in any rolling 12 month period. Such revised limits may, however, be lower than these once agreed with the EU and implemented by the Government.

## QUALIFYING COMPANIES

A qualifying company must be unquoted, which for venture capital trust purposes includes companies whose shares are traded on PLUS and AIM, and must carry on a qualifying trade. For this purpose certain activities, such as dealing in land or shares or providing financial services, are excluded. 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 venture capital trust (and at all times thereafter).

The company must have a permanent establishment in the UK, but 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 venture capital trust 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.

## DRAFT 2012 FINANCE BILL

The draft legislation to be included in the Finance Bill 2012 published on 6 December 2011 contains measures to increase some of the size limits applying to investee companies (as detailed above), subject to EU State Aid approval. The draft legislation also contains proposals to remove the annual £1 million limit VCTs can invest in qualifying investments, for certain trades from which feed-in tariffs are derived to be excluded from being qualifying trades, and a disqualifying purpose test designed to exclude companies set up for the purpose of accessing the tax reliefs. It is proposed that these changes should take effect for investments made after 5 April 2012. This follows a consultation document issued in July 2011 which contained proposals to ensure that VCT investments remain appropriately targeted. In addition, for VCT funds raised after 5 April 2012 it is proposed that such funds should be excluded from being used for the acquisition of shares in another company.

# DEFINITIONS

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

“Applicant”	the person applying for New Shares using the Application Form	“Offer Price”	the price per New Share in each Company pursuant to its Offer as set out on page 7
“Application”	an application for New Shares in each Company pursuant to each Offer	“Offers”	the Octopus Eclipse VCT Offer and the Octopus Eclipse VCT 2 Offer, as the context permits (and each an “Offer”)
“Application Forms”	the application forms attached to the end of this document	“Official List”	the official list maintained by the UK Listing Authority
“Boards”	the board of Directors of the Companies, as the context permits (and each a “Board”)	“Prospectus Rules”	the prospectus rules made in accordance with the EU Prospectus Directive 2003/71/EC
“Companies” or the “Octopus Eclipse VCTs”	Octopus Eclipse VCT plc and Octopus Eclipse VCT 2 plc, as the context permits (and each a “Company”)	“Shareholders”	holders of Shares
“Directors”	the directors of the Companies, as the context permits (and each a “Director”)	“Shares”	Ordinary Shares of 10p each in the capital of each of Octopus Eclipse VCT and Ordinary Shares of 10p each in the capital of Octopus Eclipse VCT 2, as the context permits (and each a “Share”)
“FSMA”	the Financial Services and Markets Act 2000, as amended	“Taxes Act”	The Income Tax Act 2007, as amended
“HMRC”	HM Revenue and Customs	“Terms and Conditions”	the terms and conditions of Application, contained in this document on pages 11 to 14, which should be read in full
“London Stock Exchange”	London Stock Exchange plc	“VCT Value”	the value of an investment calculated in accordance with Section 278 of the Taxes Act
“NAV”	net asset value	“Venture Capital Trust” or “VCTs”	a company which is, for the time being, approved as a venture capital trust under Section 259 of the Taxes Act
“New Shares”	shares being offered by each Company pursuant to its respective Offer (and each a “New Share”)		
“Octopus” or the “Receiving Agents”	Octopus Investments Limited		
“Octopus Eclipse VCT Offer”	the offer for subscription for New Shares in Octopus Eclipse VCT contained in this document		
“Octopus Eclipse VCT 2 Offer”	the offer for subscription for New Shares in Octopus Eclipse VCT 2 contained in this document		

# TERMS AND CONDITIONS

The following Terms and Conditions apply to each of the Offers.

1. The maximum amount to be raised by Octopus Eclipse VCT plc is £1.2 million and for Octopus Eclipse VCT 2 plc is £1.2 million. The maximum number of New Shares to be issued by each Company is as follows: 3,166,016 Octopus Eclipse VCT plc New Shares and 1,833,362 Octopus Eclipse VCT 2 plc New Shares. The Offers will close (for the avoidance of doubt in respect of both Companies) once one or more of the Companies has reached their individual aggregate maximum number of New Shares which may be issued, or otherwise at each Board's discretion in respect of its Company's Offer.
2. The contract created with each Company by the acceptance of an Application (or any proportion of it) under its Offer will be conditional on acceptance being given by the Receiving Agents and admission of the New Shares allotted in a Company pursuant to its Offer to the Official List (save as otherwise resolved by that Company's Board).
3. The right is reserved by each Company to present all cheques and banker's drafts for payment on receipt and to retain share certificates and Application monies pending clearance of successful Applicants' cheques and bankers' drafts. Each Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and each Company may, at their discretion, accept an Application in respect of which payment is not received by it. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the balance thereof (save where the amount if less than £1 per Company) will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, Application monies will be held by Octopus Eclipse VCT (on behalf of both Companies) in a separate account.
4. By completing and delivering an Application Form, you:
  - 4.1 irrevocably offer to subscribe the monetary amount in New Shares in each Company under its Offer the amount specified in your Application Form (or such lesser amount for which your Application is accepted), which shall be used to purchase the New Shares in the relevant Company at an Offer Price determined by dividing the most recently announced NAV per Share of the relevant Company at the time of allotment by 0.945 to allow for issue costs, on the terms of and subject to this document and subject to the memorandum and articles of association of the relevant Company. Where the Share price for a Company has been declared ex-dividend on the London Stock Exchange, the NAV used for pricing under that Company's Offer will be ex-dividend. In respect of each Offer, the NAV per Share will be rounded up to one decimal place and the number of New Shares to be issued will be rounded down to the nearest whole number (fractions of New Shares will not be allotted);
  - 4.2 agree that your Application may not be revoked and that this paragraph shall constitute a collateral contract between you and each Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agents of your Application Form;
  - 4.3 agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive certificates in respect of the New Shares in each Company allotted to you until you make payment in cleared funds for such New Shares and such payment is accepted by the relevant Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it and the Receiving Agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by each Company of such late payment, that Company may (without prejudice to their other rights) rescind the agreement to subscribe such New Shares in the relevant Company and may issue such New Shares in that Company to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
  - 4.4 agree that, in respect of those New Shares for which your Application per Offer is received and is not rejected, your Application may be accepted at the election of each Company either by notification to the London Stock Exchange of the basis of allocation and allotment, or by notification of acceptance thereof to the Receiving Agents;
  - 4.5 agree that any monies refundable to you by a Company may be retained by Octopus Eclipse VCT on behalf of the Companies pending clearance of your remittance and any verification of identity which is, or which a Company or the Receiving Agents may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
  - 4.6 authorise the Receiving Agents to send share certificates in respect of the number of New Shares for which your Application per Company is accepted and/or authorise Octopus Eclipse VCT (on behalf of the Companies) a crossed cheque for any monies returnable, by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Octopus Eclipse VCTs in respect of such New Shares;
  - 4.7 agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of a Company or the receiving agent to bring any action, suit or proceeding arising out of, or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;

- 4.8 confirm that, in making such Application, you are not relying on any information or representation in relation to a Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document, the cover correspondence or any part thereof or involved in the preparation thereof shall have any liability for such information or representation (save for fraudulent misrepresentation or wilful deceit);
- 4.9 irrevocably authorise the Receiving Agents to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agents to execute any document required therefore;
- 4.10 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and statements concerning each Company and its respective Offer and its New Shares contained therein;
- 4.11 confirm that you have reviewed the restrictions contained in paragraph 6 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor a resident of Canada and that you are not applying for any Shares with a view to their offer, sale or delivery to or for the benefit of any US Person or a resident of Canada;
- 4.12 declare that you are an individual aged 18 or over;
- 4.13 agree that all documents and cheques sent by post to, by or on behalf of either a Company or the Receiving Agents, will be sent at the risk of the person entitled thereto;
- 4.14 agree, on request by the Company or the receiving agent, to disclose promptly in writing to the receiving agent, any information which the receiving agent may reasonably request in connection with your Application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise each Company or the receiving agent to disclose any information relating to your Application as that Company or the receiving agent consider appropriate;
- 4.15 agree that the receiving agent will not treat you as its customer by virtue of your Application being accepted or owe you any duties or responsibilities concerning the price of the New Shares pursuant to the Offers or the suitability for you of an investment in New Shares pursuant to the Offers or be responsible to you for providing the protections afforded to its customers;
- 4.16 where applicable, authorise each Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by that Company;
- 4.17 declare that the Application Form has been completed to the best of your knowledge;
- 4.18 undertake that you will notify each Company if you are not or cease to be either a VCT qualifying subscriber or beneficially entitled to the New Shares in that Company;
- 4.19 declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares under each Offer and that such New Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax; and
- 4.20 agree that information provided on the Application Form may be provided to the registrars and Receiving Agents to process shareholdings details and send notifications to you.
5. No person receiving a copy of this document, covering correspondence or an Application Form in any territory other than the UK, may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the UK wishing to make an Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid by such territory.
6. The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended. Octopus will not be registered under the United States Investment Advisers Act of 1940, as amended. No Application will be accepted if it bears an address in the USA.
7. The basis of allocation will be determined by each Company (after consultation with the receiving agent) in their absolute discretion. The right is reserved by each Board to reject in whole or in part and scale down and/or ballot any Application in respect of its Company or any part thereof including, without limitation, Applications in respect of which any verification of identity which that Company or the receiving agent consider may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied. Dealings prior to the issue of certificates for New Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all. All Offers shall be suspended if (i) the issue of New Shares pursuant to any one Offer would result in a Company being required to prepare a prospectus pursuant to the Prospectus Rules of the FSA or (ii) the issue of New Shares by a Company would result in the breach of the Listing Rules of the FSA.
- 8. Money Laundering Regulations**  
Investors should be aware of the following requirements in respect of the above law.
- Under the Money Laundering Regulations, the receiving agent is required to check the identity of clients who invest over £10,000. The receiving agent may therefore undertake an electronic search for the purposes of verifying your identity. To do so the receiving agent may check the details you supply against your particulars on any database (public or other) to which the receiving agent has access. The receiving agent may also use your details in the future to assist other companies for verification purposes. A record of this search will be retained. If the receiving agent cannot verify your identity it may ask for a recent, original utility bill and an original HMRC Tax Notification or a copy of your passport certified by a bank, solicitor or accountant from you or a Client Verification Certificate from your IFA.

If within a reasonable period of time following a request for verification of identity, and in any case by no later than 12.00pm (noon) on the relevant date of allotment, Octopus has not received evidence satisfactory to it as aforesaid, Octopus, at its absolute discretion, may reject any such Application in which event the remittance submitted in respect of that Application will be returned to the Applicant (without prejudice to the rights of the Companies to undertake proceedings to recover any loss suffered by them as a result of the failure to produce satisfactory evidence of identity).

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

## **9. Intermediary Commission**

Introductory commission will be paid to authorised independent financial intermediaries in respect of successful Applications by their clients. These commissions will typically be 2.5% on the amount invested in each Company. The intermediaries may then receive trail commission of 0.5% of the amount invested in each Company which is payable by the Companies themselves for up to nine years from the relevant date of allotments.

Intermediaries may agree to waive all or part of their up front commission per Company in favour of such amount being used to purchase additional New Shares in each Company at the same Offer Price as the original subscription. No further fees or commissions will apply to any additional New Shares.

# APPLICATION PROCEDURE

## Octopus Eclipse VCT & Octopus Eclipse VCT 2 Top Up Offers 2011/2012

### SECTION 1

Please insert your full name, permanent address, daytime telephone number, date of birth, email address and national insurance number in Section 1. Your national insurance number is required to ensure you obtain your income tax relief. Joint Applications are not permitted but spouses and civil partners may apply separately.

### SECTION 2

Please indicate how you would like us to communicate with you.

### SECTION 3

Please note that an Applicant must invest an equal amount per Company under each Offer to be accepted. Individual applications per Company will not be accepted. The minimum aggregate investment is £3,000. The maximum investment into VCTs in any tax year, on which tax reliefs are available, is £200,000. Attach your cheque or bankers' draft to the Application Form for the total amount of your investment. Alternatively, you can make your investment via bank transfer.

Please make cheques payable to 'Octopus Eclipse VCT plc – Applications' and crossed 'A/C Payee only'. Cheques must be from a recognised UK Bank account and your payment must relate solely to this Application.

Bank transfers should be paid to:

'Octopus Eclipse VCT plc – Applications'  
Sort code: 40-03-28  
Account no: 12684624

Please reference bank transfers with your surname and initials.

Please note that if a husband and wife are completing two Applications we will need to receive two separate payments.

### Read the declaration below and sign and date the Application Form.

If this form is completed and signed by the investor named in Section 1:

#### By signing this form I HEREBY DECLARE THAT:

- i. I have read the Terms and Conditions of Application set out in the offers' document dated 8 February 2012 ("Offers' Document") and agree to be bound by them;
- ii. I will be the beneficial owner of New Shares in Octopus Eclipse VCT and Octopus Eclipse VCT 2, together, the 'Octopus Eclipse VCTs' issued to me under each of their respective Offers;
- iii. I acknowledge that the aggregate amount of my subscription set out in this Application Form (or such lesser amount accepted) is to be divided equally and forms a subscription under each Company's individual Offer;
- iv. I understand the risk factors associated with an investment in each of the Octopus Eclipse VCTs;
- v. to the best of my knowledge and belief, the personal details I have given are correct; and

By signing this form on behalf of the individual whose details are shown above, I make a declaration (on behalf of such individual) on the terms of sub-paragraphs i. to v.

### SECTION 4

If the Application is from an authorised financial intermediary, please include full name and address, telephone number and details of your firm's authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold payment of commission if Octopus is not, in its sole discretion, satisfied that the financial intermediary is authorised.

### SECTION 5

Please complete the mandate instruction if you wish to have dividends paid directly into your bank or building society.

### FREQUENTLY ASKED QUESTIONS

**Q: Who should I make the cheque payable to?**

A: Cheques should be made payable to 'Octopus Eclipse VCT plc – Applications'.

**Q: Can I invest via bank transfer instead?**

A: Yes – bank transfers should be paid to:

'Octopus Eclipse VCT plc – Applications'  
Sort code: 40-03-28  
Account no: 12684624

We are unable to accept bank transfers without receipt of a valid Application form.

All payments must come from an account in the name of the Applicant.

**Q: Where should I send my Application?**

A: Your Application Form (and cheque) should be sent to:

**Octopus Investments Limited**  
**PO Box 10847**  
**Chelmsford**  
**CM99 2BU**

**Q: What happens after I invest?**

A: We will send you confirmation that we have received your application by return of post. You should expect to receive your share certificates and tax certificates within a few weeks following the allotment on 5 April 2012.

Please send the completed Application Form together with your cheque or bankers' draft to Octopus Investments Limited, PO Box 10847, Chelmsford CM99 2BU.

If you have any questions on how to complete the Application Form please contact Octopus Investments on **0800 316 2298**.

# APPLICATION FORM

## Octopus Eclipse VCT & Octopus Eclipse VCT 2 Top Up Offers 2011/2012

Before completing this application form you should read the Offers' Document dated '8 February 2012' "Offers document". The Offers open on 8 February 2012 and will close at 12pm (noon) on 5 April 2012, unless the Offers are fully subscribed prior to that date or extended. Definitions used in the Offers' Document apply herein.

PLEASE COMPLETE IN BLOCK CAPITALS.

### 1 Your Personal Details

Mr/Mrs/Miss/Other	Address
First Name	
Middle Name(s)	
Surname	Postcode
Date of Birth	Telephone (Day)
National Insurance Number	Telephone (Home)
Email	<input type="checkbox"/> I am an existing investor with Octopus

### 2 Investor Services

- Would you like to receive information on other Octopus products (please tick all that apply)?  
 Information about other Octopus products  
 Octopus Newsletter  
 No thank you
- How would you like to be updated about your investment?  
 Email  
or  
 Post

### 3 Subscription Details

I offer to subscribe the following aggregate amount for New Shares under the Offers, such amount to be split equally in respect of each Company's Offer, under the Terms and Conditions of the Application of such Offers set out in the Offers' Document. The aggregate Application must be for a minimum of £3,000.

- I enclose a cheque or bankers' draft drawn on a UK clearing bank made payable to 'Octopus Eclipse VCT plc – Applications'.
- I have made a bank transfer into 'Octopus Eclipse VCT plc – Applications'.

Signature

£

Date

### 4 Adviser Details (For completion by authorised financial intermediaries only)

Company Name <b>Chelsea Financial Services plc</b>	Administrator:
Mr/Mrs/Miss/Other <b>Mr</b>	Mr/Mrs/Miss/Other
First Name <b>Matthew</b>	First Name
Surname <b>Woodbridge</b>	Surname
Telephone <b>020 7384 7300</b>	Telephone
Email	Email

Please provide details of your bank account so that commission can be paid to you via BACS.

Account Name	Account Number
Email for Commission Statements	Sort Code

Special Instructions

FSA Number and Company Stamp

**114493**

All dividends on Shares held in the Eclipse VCTs may be paid directly into bank and building society accounts. In order to facilitate this, please complete the mandate instruction form below. Dividends paid directly to your account will be paid in cleared funds on the dividend payment dates. Your bank or building society statement will identify details of the dividend as well as the dates and amounts paid.

Please forward until further notice, all dividends that may from time to time become due on any Shares now standing, or which may hereafter stand, in my name on the register of members of the Octopus Eclipse VCTs to:

Name of Bank or Building Society	Account Number
Address of Branch	Sort Code Number
	Account Name
	Signature
	Date
Postcode	Applicant's Name
The Octopus Eclipse VCTs cannot accept responsibility if any details provided by you are incorrect.	



# APPLICATION FORM

## Octopus Eclipse VCT & Octopus Eclipse VCT 2 Top Up Offers 2011/2012

Before completing this application form you should read the Offers' Document dated '8 February 2012' "Offers document". The Offers open on 8 February 2012 and will close at 12pm (noon) on 5 April 2012, unless the Offers are fully subscribed prior to that date or extended. Definitions used in the Offers' Document apply herein.

PLEASE COMPLETE IN BLOCK CAPITALS.

### 1 Your Personal Details

Mr/Mrs/Miss/Other	Address
First Name	
Middle Name(s)	
Surname	Postcode
Date of Birth	Telephone (Day)
National Insurance Number	Telephone (Home)
Email	<input type="checkbox"/> I am an existing investor with Octopus

### 2 Investor Services

- Would you like to receive information on other Octopus products (please tick all that apply)?  
 Information about other Octopus products  
 Octopus Newsletter  
 No thank you
- How would you like to be updated about your investment?  
 Email  
or  
 Post

### 3 Subscription Details

I offer to subscribe the following aggregate amount for New Shares under the Offers, such amount to be split equally in respect of each Company's Offer, under the Terms and Conditions of the Application of such Offers set out in the Offers' Document. The aggregate Application must be for a minimum of £3,000.

- I enclose a cheque or bankers' draft drawn on a UK clearing bank made payable to 'Octopus Eclipse VCT plc – Applications'.
- I have made a bank transfer into 'Octopus Eclipse VCT plc – Applications'.

Signature

£

Date

### 4 Adviser Details (For completion by authorised financial intermediaries only)

Company Name <b>Chelsea Financial Services plc</b>	Administrator:
Mr/Mrs/Miss/Other <b>Mr</b>	Mr/Mrs/Miss/Other
First Name <b>Matthew</b>	First Name
Surname <b>Woodbridge</b>	Surname
Telephone <b>020 7384 7300</b>	Telephone
Email	Email

Please provide details of your bank account so that commission can be paid to you via BACS.

Account Name	Account Number
Email for Commission Statements	Sort Code

Special Instructions

FSA Number and Company Stamp

**114493**

All dividends on Shares held in the Eclipse VCTs may be paid directly into bank and building society accounts. In order to facilitate this, please complete the mandate instruction form below. Dividends paid directly to your account will be paid in cleared funds on the dividend payment dates. Your bank or building society statement will identify details of the dividend as well as the dates and amounts paid.

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Name of Bank or Building Society	Account Number
Address of Branch	Sort Code Number
	Account Name
	Signature
	Date
Postcode	Applicant's Name
The Eclipse VCTs cannot accept responsibility if any details provided by you are incorrect.	



# LIST OF ADVISERS TO THE COMPANIES

**Investment Manager  
and Administrator** Octopus Investments Limited  
20 Old Bailey  
London  
EC4M 7AN

**Company Secretary** Celia Whitten

**Auditor** Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford Business Park South  
Oxford OX4 2WB

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

**Tax Adviser** PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

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





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