

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 British Smaller Companies VCT2 plc, please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

British Smaller Companies VCT2 plc

(Registered in England and Wales with registered number 4084003)

**Recommended proposals relating to
(i) the authority to allot Ordinary Shares,
(ii) the amendment of the Company's articles of association and
(iii) the cancellation of the Company's share premium account**

Your attention is drawn to the letter from the Chairman of the Company set out on pages 4 and 5 which contains a recommendation to vote in favour of the Resolutions to be proposed at the General Meeting.

You will find set out at the end of this document a notice of the General Meeting to be held on 28 November 2011 at 10.00 am to approve the Resolutions. The General Meeting will be held at Berkeley Square House, Berkeley Square, London W1J 6BD.

To be valid, the form of proxy which accompanies this document for the meeting should be returned not less than 48 hours before the General Meeting, either by post or by hand to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

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Chairman's Letter

British Smaller Companies VCT2 plc

Registered Office:

Saint Martins House
210-212 Chapeltown Road
Leeds
West Yorkshire LS7 4HZ

26 October 2011

Dear Shareholder

Recommended proposals relating to (i) the authority to issue Ordinary Shares, (ii) the amendment of the Company's Articles of Association and (iii) the cancellation of the Company's share premium account

I am writing in connection with the prospectus that has recently been issued by the Company in connection with an offer for subscription which aims to raise up to £10 million through the issue of up to 14,539,007 Ordinary Shares, a copy of which is enclosed with this document. If the Offer is over-subscribed, it may be increased at the discretion of the Board to up to a maximum of £15 million of funds raised.

The UK continues to endure one of the longest recessions in peacetime, an unparalleled level of public sector debt and the worst banking crisis in living memory which, together, have combined to destabilise the economic and business environment. Valuations of unquoted companies have generally fallen over the past three years. At the same time, funding for those companies seeking to expand either organically or through acquisition has been significantly reduced. This means that well managed companies continue to face an unusual combination of falling values and a shortage of capital. Many businesses have previously taken tough actions to become more efficient and several are proactively seeking to exploit changes in their market conditions to gain market share and create value. The Directors believe that these changes continue to create the opportunity for those prepared to take a longer term view to invest funds into attractive businesses at a low point in the economic cycle at favourable valuations.

The additional funds raised under the Offer will enable the Company to further increase the pace of its investment activity and both the number and size of its investments. By raising more capital the running costs per Ordinary Share will be further reduced as the fixed costs are spread over a larger asset base.

The Company will continue to invest predominantly in established unquoted companies. The investment policy of the Company is to create a portfolio that blends a mix of businesses operating in more mature and growing companies that offer opportunities in the application and development of innovation.

The Offer enables new and existing Shareholders to invest in a mature and diverse existing portfolio to be supplemented with new investments made in line with the Company's proven investment strategy.

The Offer is conditional upon Resolutions 1 to 3 being passed at the General Meeting. Resolution 1 will, if passed, give the Board authority to allot Ordinary Shares in connection with (i) the Offer, including any extension of the Offer in accordance with the provisions set out in the Prospectus, up to a maximum aggregate nominal amount of £2,400,000 (representing 102% of the Company's issued Share capital, excluding treasury shares, at the date of this Circular) (ii) an offer for securities by way of a rights issue and (iii) an allotment for cash, other than pursuant to (i) and (ii) above, up to a maximum aggregate nominal amount of 10% of the issued Ordinary Shares following the close of the Offer. This authority will expire on the later of (i) the Company's next annual general meeting and (ii) 15 months from the passing of the Resolution (unless previously revoked, varied or extended by the Company in general meeting).

Resolution 2 will, if passed, give the Board authority to allot up to the aggregate amount of the Ordinary Shares referred to in Resolution 1 whilst disapplying the statutory pre-emption rights contained in section 561 of the Companies Act 2006, which authority will expire on the later of (i) the Company's next annual general meeting and (ii) 15 months from the passing of the Resolution (unless previously revoked, varied or extended by the Company in general meeting).

Resolution 3 will, if passed, amend the article 195 of the Company's articles of association (as amended by resolutions passed on 12 May 2010 and 11 January 2011) which refers to the duration of the Company. This article (as amended) provides that at the annual general meeting of the Company held in 2016 and, if the Company has not then been wound-up or unitised or re-organised, at each fifth annual general meeting thereafter, the Directors must ensure that an ordinary resolution is proposed to the effect that the Company continues as a venture capital trust. In view of the five year VCT qualifying period for tax relief that will relate to the further Ordinary Shares that will be issued under the Offer, Resolution 3 proposes that article 195, as amended, is further amended so that the year 2017 replaces 2016.

Resolution 4 will, if passed, approve, subject to the sanction of the High Court, the cancellation of the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offer. The Directors consider it appropriate to obtain the approval of Shareholders at the General Meeting to cancel the share premium account (subject to the sanction of the High Court) to create further distributable reserves to fund distributions to Shareholders and share buy-backs, to set off or write off losses and for other corporate purposes of the Company. Application to court will be made if and when the Board feels this is appropriate. This authority is being taken now to provide future flexibility to the Board without the need for a further general meeting to be convened.


Action to be Taken

Shareholders will find a form of proxy accompanying this document for 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 the General Meeting. Completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the General Meeting should a Shareholder wish to do so.

Recommendation

The Board considers that the Resolutions are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions. The Directors intend voting in favour of the Resolutions in respect of their own beneficial shareholdings in the Company, which at the date of this Circular total 93,069 Ordinary Shares (representing approximately 0.4 per cent of the Company's issued share capital).

Yours sincerely

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

Richard Last
Chairman

Additional Information

1. Responsibility and Registered Office

The Company, and the Directors whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Richard Last (Chairman)
Robert Pettigrew
Peter Waller

The registered office of the Company is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ.

2. Authorised and Issued Share Capital

- 2.1 As at 25 October 2011 (being the latest practicable date prior to the publication of this Circular) there were 50,000,000 authorised and 23,415,094 issued Ordinary Shares, each ranking *pari passu*. All of the Ordinary Shares are listed on the premium tier of the Official List of the UK Listing Authority. The Company held an additional 844,830 Ordinary Shares in the treasury account.
- 2.2 Immediately following the close of the Offer, assuming full subscription at a price per Ordinary Share of 70.5 pence and the maximum number of Loyalty Bonus Shares (as defined in the Prospectus) being allotted and that there is no increase in the size of the Offer, the issued share capital of the Company fully paid or credited as fully paid will be £3,879,893 divided into 38,798,931 Ordinary Shares (of which 844,830 Ordinary Shares are held in treasury), and there will remain authorised but un-issued a minimum of £1,120,107 of nominal share capital divided into 11,201,069 Ordinary Shares.

3. Directors' and Other Interests

- 3.1 The interests of the Directors, or persons connected with such Directors, (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at 25 October 2011 (being the latest practicable date before publication of this Circular) were:

Director	Ordinary Shares
Richard Last	43,987
Robert Pettigrew	41,858
Peter Waller	7,224

- 3.2 The interests of the Directors, or persons connected with such Directors, (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at the close of the Offer (assuming full subscription at a price of 70.5p per Ordinary Share, the maximum number of Loyalty Bonus Shares being allotted and that there is no increase in the size of the Offer) will be:

Director	Ordinary Shares
Richard Last	58,171
Robert Pettigrew	48,950
Peter Waller	14,316

- 3.3 Save as disclosed above, no Director nor (so far as is known to the relevant Director) any person connected with a Director has any interest in the share capital of the Company.

4. Significant Shareholdings

As at 25 October 2011 (being the latest practicable date prior to the publication of this Circular) the Directors were not aware of any holdings of 3 per cent or more of the Company's issued share capital or of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

5. Material Contracts

The following are the summaries of the principal contents of contracts, not being contracts entered into in the ordinary course of business, which have been entered into by the Company within two years immediately preceding the publication of this Circular or contain any provisions under which the Company has any obligation or entitlement which is material to it as at the date of this Circular:

- 5.1 An offer agreement dated 26 October 2011 ("the Offer Agreement") between the Company (1), the Directors (2), Howard Kennedy Corporate Services LLP ("HK") (3) and YFM Private Equity Limited ("YFM") (4) under which HK agreed to act as sponsor to the Offer. As is usual in contracts of this type YFM agreed to indemnify the Company against the costs of the Offer exceeding 5.5% of the aggregate value of accepted applications for Ordinary Shares received under the Offer and receives a commission of 5.5% of the aggregate value of the gross proceeds received by the Company under the Offer, less the initial commission paid by the Company to recognised intermediaries in respect of accepted applications under the Prospectus for the Offer. Under the Offer Agreement YFM, the Company and the Directors give certain warranties which are subject to certain limitations. The Company agreed to indemnify HK in respect of its role as sponsor and under this Offer Agreement.
- 5.2 An offer agreement dated 8 December 2010 ("the 2010 Offer Agreement") between the Company (1), British Smaller Companies VCT plc ("BSC") (2), the Directors (3), Howard Kennedy (4) and YFM (5) under which Howard Kennedy agreed to act as sponsor to the linked offer with BSC for the 2010/2011 and 2011/2012 tax years which closed on 4 May 2011. As is usual in contracts of this type YFM agreed to indemnify the Company and BSC (the "Companies") against the costs of the linked offer exceeding 5.5% of the aggregate value of accepted applications for Ordinary Shares received under the linked offer and received a commission of 5.5% of the aggregate value of the gross proceeds received by the Companies under the linked offer, less the initial commission paid by the Companies to recognised intermediaries in respect of accepted applications in the amount set out on page 11 of the prospectus for the linked offer. Under the 2010 Offer Agreement YFM, the Companies and the Directors of the Companies gave certain warranties which were subject to certain limitations. The Companies agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the 2010 Offer Agreement.
- 5.3 YFM has acted as fund manager and performed administrative and secretarial duties for the Company under an agreement (the "Investment Management Agreement") dated 28 November 2000, superseded by an agreement dated 31 October 2005 and as varied by agreements dated 8 December 2010 and 26 October 2011. The Investment Management Agreement may be terminated by not less than twelve months' notice given by either party at any time. The key features of the agreement are: YFM receives a fund management fee, payable quarterly in advance, at the rate of 2.5% of the Company's Net Asset Value, calculated at half-yearly intervals as at 30 June and 31 December. Pursuant to a deed of variation dated 26 October 2011 the management fee will be reduced to 1.25% per annum in respect of any Net Asset Value of the Company in excess of £16 million and up to £26.667 million and to 2.0% in respect of any net asset value of the Company in excess of £26.667 million. Pursuant to the same deed of variation, if the Net Asset Value of the Company exceeds £20 million, YFM Private Equity shall bear the operating costs of the Company (including the management fee set out above but excluding any payment of the performance incentive fee details of which are set out in paragraph 5.4 below and excluding VAT and trail commission) to the extent that those costs exceed 3.5% of the Net Asset Value of the Company. Under this Investment Management Agreement YFM also provides administrative and secretarial services to the Company for a fee of £46,000 per annum plus annual adjustments to reflect movements in the Retail Prices Index. The total remuneration payable to YFM in the period to 31 December 2010 was £360,000 (2009: £367,000).
- 5.4 Under a subscription rights agreement dated 28 November 2000 (the "Subscription Rights Agreement"), YFM and Generics Asset Management Limited ("GAML") have a performance-related incentive, structured so as to entitle them to an amount (satisfied by the issue of Ordinary Shares) equivalent to 20% of the amount by which the cumulative cash dividends paid as at the last business day in December in any year plus the average of the middle market quotation per Ordinary Share exceeds 120p per Ordinary Share on that same day multiplied by the number of Ordinary Shares in issue and the Ordinary Shares under option (if any). The subscription rights are exercisable in the ratio 59:41 between YFM and GAML as amended by an agreement between those parties dated 31 October 2005. No shares have been issued under this agreement.
- By a Deed of Assignment dated 19 December 2003 (together with a supplemental agreement dated 5 October 2005), the benefit of YFM's subscription right under the Subscription Rights Agreement was assigned to YFM Private Equity Limited Trust, an employee benefit trust formed for the benefit of certain employees of YFM and associated companies.
- 5.5 Under an agreement dated 28 November 2000 between the Company and Brewin Dolphin, Brewin Dolphin agreed to act as investment manager to the Company in relation to its portfolio of short-term government securities and to produce monthly portfolio valuations. In return for such services Brewin Dolphin is entitled to receive a management fee based on an ad valorem charge of 0.2% per annum (plus VAT) of funds under management, payable quarterly, plus VAT. This cost is borne by YFM.

- 5.6 By a deed of novation dated 1 April 2009 (to an agreement dated 3 September 2004) between the Company (1) and Singer Capital Markets Limited ("Singer") (2), Singer agreed to act as brokers to the Company, and, inter alia, to act as a market maker in the Ordinary Shares of the Company and to carry out share purchases on the Company's behalf. Singer are entitled to receive an annual fee of £10,000, plus VAT if applicable, payable quarterly in arrears on 30 September, 31 December, 31 March and 30 June. Under the terms of the novated agreement the Company indemnifies Singer against losses arising out of Singer's appointment except where such losses arise from Singer's breach of the agreement.

6. Directors' Service Contracts and Remuneration

None of the Directors has a service contract with the Company and no such contract is proposed. The services of the Directors are provided to the Company pursuant to letters of appointment under which they are required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as a non-executive director.

The Directors each receive annual fees as follows:

	£
Richard Last	31,500
Robert Pettigrew	18,000
Peter Waller	18,000
	67,500

7. Significant Changes

There has been no significant change in the financial or trading position of the Company since 30 September 2011 (being the end of the last financial period of the Company for which unaudited financial information has been published).

8. Documents Available for Inspection

Copies of the following documents will be available for inspection from the date of this Circular until the conclusion of the General Meeting during normal business hours and on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ:

- 8.1 the audited accounts of the Company for the periods ended 31 December 2008, 2009 and 2010;
- 8.2 the half yearly report for the 6 month period to 30 June 2011;
- 8.3 the Company's articles of association (incorporating the amendments proposed in this Circular);
- 8.4 the Directors' letters of appointment referred to at paragraph 6 above; and
- 8.5 this Circular.

Date 26 October 2011

Definitions

“Board” or “Directors”	Richard Last, Robert Pettigrew and Peter Waller;
“the Circular”	this document;
“the Company”	British Smaller Companies VCT2 plc, registered with the Registrar of Companies of England and Wales with registered number 4084003 and whose registered office is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ;
“the Offer”	the offer for subscription of Ordinary Shares to a value not exceeding £10 million in respect of the tax year 2011/2012, details of which are set out in the Prospectus;
“Net Asset Value”	net asset value per Ordinary Share;
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company;
“Prospectus”	the prospectus dated 26 October 2011 relating to the Offer;
“General Meeting”	the general meeting of the Company to be held on 28 November 2011 (or any adjournment thereof);
“Resolutions”	the resolutions to be proposed at the General Meeting;
“Shareholders”	holders of Ordinary Shares;
“VCT”	Venture Capital Trust.

Notice of the General Meeting of British Smaller Companies VCT2 plc

(Incorporated in England and Wales with registered number 04084003)

NOTICE IS HEREBY GIVEN that a General Meeting of British Smaller Companies VCT2 plc will be held at Berkeley Square House, Berkeley Square, London W1J 6BD at 10.00 a.m. on 28 November 2011 to consider and, if thought fit, pass the following resolutions which will be proposed as an ordinary resolution as to resolution 1 and as special resolutions as to resolutions 2 to 4:

Ordinary Resolution

- (1) THAT the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company in connection with:
- (i) the Company's offer for subscription of up to 14,539,007 ordinary shares of 10 pence each to a value not exceeding £10 million in respect of the tax year 2011/2012, including any increase in this offer in accordance with the provisions set out in the prospectus relating to this offer issued by the Company on 26 October 2011 (the "Offer"), up to an aggregate nominal amount of £2,400,000;
 - (ii) an offer of securities by way of a rights issue;
 - (iii) the allotment for cash (otherwise than pursuant to sub-paragraphs (i) to (ii) above) of equity securities up to an aggregate nominal amount of 10% of the issued ordinary share capital of the Company immediately following the final closing of the Offer, during the period commencing on the passing of this resolution and expiring on the later of 15 months from the date hereof or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after such expiry and that all previous authorities given to the Directors be and they are hereby revoked, provided that such revocation shall not have retrospective effect;

Special Resolutions

- (2) THAT the Directors be and are hereby empowered in accordance with section 570(1) of the Act during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later, (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred upon the Directors in resolution (1) above as if section 561 of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities in connection with:
- (i) the Offer, and any extension of the Offer in accordance with the provisions set out in the prospectus relating to the Offer;
 - (ii) an offer of securities by way of rights;
 - (iii) the allotment for cash (otherwise than pursuant to sub-paragraph (i) to (ii) above) of equity securities up to an aggregate nominal amount of 10% of the issued ordinary share capital of the Company immediately following the final closing of the Offer, including and any extension of the Offer, but so that this authority shall allow the Company to make offers or agreements before the expiry and the directors may allot equity securities in pursuance of such offer or agreements as if the powers conferred hereby had not so expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2) of the Act as if in the first paragraph of this resolution the words "pursuant to the general authority conferred upon the directors in resolution (1) above" were omitted. For the avoidance of doubt this authority shall be in addition to and shall not revoke the authority granted pursuant to resolution numbered 4 (authority to disapply section 561 of the Act to the allotment of equity securities in connection with the dividend reinvestment scheme) at the general meeting of the Company held on 11 January 2011;
- (3) THAT article 195 of the Company's articles of association be amended by deleting the reference to "2016" in line 1 and substituting "2017" therefor;
- (4) THAT, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company immediately after the final closing of the Offer be cancelled.

BY ORDER OF THE BOARD

Secretary

KHM Secretarial Services Limited

Registered Office:
Saint Martins House
210-212 Chapeltown Road
Leeds
LS7 4HZ

Information regarding the General Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.yfmep.com.

26 October 2011

Notes

- (a) Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars Limited before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Ordinary Shares of the Company kept, a copy of the amended Articles of Association (marked up to show the proposed changes) and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the General Meeting for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 10am on 26 November 2011 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10am on 26 November 2011 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (g) As at 25 October 2011, the Company's issued share capital comprised 24,259,924 Ordinary Shares. The total number of voting rights in the Company as at 25 October 2011 is 23,415,094. The website referred to above will include information on the number of Ordinary Shares and voting rights.
- (h) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (k) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.
- (l) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) not less than 48 hours (excluding weekends and public holidays) before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

British Smaller Companies VCT2 plc

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210-212 Chapeltown Road
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