

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 ViCTory VCT PLC (the “**Company**”), 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.

Applications have been made to the UKLA for the New Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its main market for listed securities. Application has been made to the UKLA and to the London Stock Exchange for an amendment to the listing and trading line of New Shares to reflect the Share Reconstruction. The New Shares will rank *pari passu* with the existing issued Shares from their date of issue.

ViCTory VCT PLC

(Registered in England and Wales with registered number 04138683)

General Meeting in connection with Recommended Proposals to:

- **acquire the assets and liabilities of Amati VCT 2 plc;**
- **authorise the issue of New Shares and the repurchase of Shares and New Shares;**
- **change the investment policy of the Company;**
- **adopt revised Articles of Association of the Company;**
- **reconstruct the share capital of the Company;**
- **cancel the share premium account;**
- **cancel the capital redemption reserve;**
- **authorise the issue of New Shares pursuant to a dividend reinvestment scheme; and**
- **change of name of the Company to Amati VCT 2 plc**

Your attention is drawn to the letter from the Chairman of the Company set out in Part II of this document which contains a recommendation to vote in favour of the Resolutions. Your attention is also drawn to the risk factors set out in Part I of this document.

You will find set out at the end of this document notice of the General Meeting, to be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October 2011 at 2.00 pm to approve the Resolutions to effect the Proposals.

To be valid, the form of proxy attached to this document for the General Meeting should be returned not less than 48 hours before the meeting, either by post or by hand (during normal business hours only) to The City Partnership (UK) Limited at c/o Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.

This document should be read in conjunction with the Prospectus which accompanies this document, the full terms of which are incorporated by reference and can be accessed at: www.amatiglobal.com/vict.php.

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EXPECTED TIMETABLES

MERGER

EXPECTED TIMETABLE FOR THE COMPANY

Latest time for receipt of forms of proxy for the General Meeting	2.00 pm on 29 October 2011
General Meeting	2.00 pm on 31 October 2011
Calculation Date	after 5.00 pm on 7 November 2011
Effective Date for the transfer of the assets and liabilities of Amati VCT 2 to the Company and the issue of Consideration Shares to Amati VCT 2 Shareholders	8 November 2011
Announcement of the results of the Scheme	8 November 2011
Admission of and dealings in the New Shares (in respect of the Scheme) to commence	9 November 2011
CREST accounts credited with the New Shares (in respect of the Scheme)	9 November 2011
Effective date of the Share Reconstruction	after close of business on 9 November 2011
Amendment to the listing of the Shares arising from the Share Reconstruction	10 November 2011
CREST accounts credited with the New Shares (in respect of the Share Reconstruction)	10 November 2011
Certificates for the New Shares dispatched	16 November 2011
<i>(Dates subject to variation if any General Meeting is adjourned)</i>	

EXPECTED TIMETABLE FOR AMATI VCT 2

Date from which it is advised that dealings in Amati VCT 2 Shares should only be for cash settlement and immediate delivery of documents of title	29 October 2011
Latest time for receipt of forms of proxy for the Amati VCT 2 First General Meeting	2.30 pm on 29 October 2011
Amati VCT 2 First General Meeting	2.30 pm on 31 October 2011
Latest time for receipt of forms of proxy for the Amati VCT 2 Second General Meeting	2.30 pm on 6 November 2011
Record Date for Amati VCT 2 Shareholders' entitlements under the Scheme	7 November 2011
Amati VCT 2 Register of Members closed	7 November 2011
Calculation Date	after 5.00 pm on 7 November 2011
Dealings in Amati VCT 2 Shares suspended	7.30 am on 8 November 2011
Amati VCT 2 Second General Meeting	2.30 pm on 8 November 2011
Effective Date for the transfer of the assets and liabilities of Amati VCT 2 to the Company	8 November 2011
Announcement of the results of the Scheme	8 November 2011
Cancellation of the Amati VCT 2 Shares' listing	8.00 am on 8 November 2011
<i>(Dates subject to variation if any General Meeting is adjourned)</i>	

THE SHARE OFFERS

EXPECTED TIMETABLE FOR THE COMPANY

2011/2012 Offer opens	29 September 2011
Closing date for 2011/12 Offer	5.00 pm on Thursday 5 April 2012
2012/2013 Offer opens	6 April 2012
Closing date for applications under the Enhanced Share Buy Back and Reinvestment Facility	5.00 pm on 5 September 2012
Closing date for 2012/13 Offer, unless extended by the Directors (but not beyond 27 September 2012)	5.00 pm on 10 September 2012
Allotments	monthly (or at other times at the Manager's discretion)
Dealings in Offer Shares commence	second Business Day following allotment
CREST accounts credited	within five Business Days of allotment
Certificates for the Offer Shares dispatched	within ten Business Days of allotment

Notes

- (i) The Share Offers may close earlier than the dates stated above if they are fully subscribed by an earlier date.
- (ii) The allotment of Offer Shares is at the Directors' discretion and is expected to be made monthly, although there may be additional allotments (at the Manager's discretion). All allotments of Offer Shares will be made at a price per share calculated by reference to the Pricing Formula.

COMPANY INFORMATION

Directors (all Non-Executive)	Christopher John Leon Moorsom (Chairman) James Daryl Hambro (retiring) Michael Sedley Killingley David Michael Page (retiring)
Proposed Directors (both Non-Executive)	Julian Ralph Avery Christopher Anthony James Macdonald
Principal Place of Business and Registered Office	27/28 Eastcastle Street London W1W 8DH
Company Secretary, Receiving Agent and Registrars	The City Partnership (UK) Limited Thistle House, 21 Thistle Street Edinburgh EH2 1DF
Email	vct-enquiries@amatiglobal.com
Telephone	0131 202 1895
Website	www.amatiglobal.com/vict.php
Company Number	04138683
Investment Manager and Administrator	Amati Global Investors Limited 76 George Street Edinburgh Midlothian EH2 3BU
Sponsor	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW
Solicitors	Howard Kennedy LLP 19 Cavendish Square London W1A 2AW
VCT Tax Advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Independent Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Bankers	The Bank of New York Mellon SA/NV London Branch 160 Queen Victoria Street London EC4V 4LA

PART I - RISK FACTORS

Shareholders and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or results of operations. The value of the New Shares could decline due to any of the risk factors described below and Shareholders could lose part or all of their investment. Shareholders and prospective Shareholders should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. References to the Company should be taken as including the Enlarged Company, if appropriate.

The Directors consider the following to be all the material known risks for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority:

Risks of the Scheme

- Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders. If the Scheme does not proceed the Company will continue to be operated and managed as hitherto and the cost savings and other benefits that could result from the Proposals will not be achieved. In such a case the Company will also have incurred professional and other fees - including, in certain circumstances, those of Amati VCT 2 - in relation to the aborted transaction. The Scheme is not conditional on the Share Offers proceeding, or vice versa. The Share Offers and the Scheme are not conditional on the Share Reconstruction being approved, or vice versa.

General Market Risks

- The value of the New Shares, and the income derived from them may go down as well as up and Shareholders may not get back the amount they invested.
- Although the Shares are already listed, and it is anticipated that the New Shares will be admitted to the premium segment of the Official List and will be traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment, and there may never be two competitive market makers. It may therefore prove difficult to sell the New Shares. In addition, there is no guarantee that the market price of the New Shares will reflect their underlying net asset value or the ability to buy and sell at that price. It should be noted that shares held in a VCT usually trade at a discount to the VCT's NAV. An investment in the Company should be considered as a long-term investment.
- The Company is reliant on certain members of the investment management team of the Manager.
- The past performance of the Company, Amati VCT 2 and/or any other fund managed by the Manager is no indication of future performance. The past performance of investments made by the Company or other funds managed by the Manager should not be regarded as an indication of the future performance of investments made by the Company. It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.
- Realisations of investments in AIM-traded companies and unquoted investments can sometimes be more difficult and can take more time than realisation of investments in companies quoted on the Official List.
- AIM is a market designed primarily for emerging or smaller companies. Such companies may, in comparison to companies quoted on the Official List, have less mature businesses, a more restricted depth of management and a higher risk profile. The rules of the AIM market are, in relation to admission and continuing obligations, less demanding than those of the Official List.
- Investments in AIM-traded companies and unquoted investments can involve a higher degree of company specific risk than investments in companies listed on the Official List. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for

their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is normally less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Potential difficulties in dealing in illiquid stocks may be increased where orders for the Company are aggregated with other clients of the Manager.

- The spread between the bid price and the offer price of AIM-traded companies' shares may be wide and, therefore, the price of such shares for valuation purposes may not reflect the price at which such shares may be sold. Unquoted shares are inherently more difficult to value and, as a result, valuations are subject to uncertainty.
- The market for new shares on AIM is subject to market forces and there can be no certainty that there will be sufficient new share issues to enable the Company to achieve the intended level of investment in Qualifying Investments.
- Detailed information for determining the value of the Company's underlying investments, or the risks to which they are exposed, may not be publicly available. Smaller companies are less likely to have multinational markets for their products or services than large companies and, as a result, may be more exposed to national economic cycles rather than global economic cycles.
- The rules governing Qualifying Investments have changed a number of times over the last three years and may change further. The Company intends to manage its affairs in such a way as to maximise the retention of pools of money operating under the pre-2006 set of VCT rules, which provide greater flexibility over Qualifying Investments, and in particular allow investee companies to have £15 million of gross assets prior to investment, rather than the £7 million limit imposed under the 2007 rules. It may not always be possible to maintain this bias towards the older set of rules, and the legislation could change again.
- The rules regarding Qualifying Investments are complex and restrictive, and are aimed at steering the Manager to invest in small, immature businesses. This tends to raise the overall risk profile of the investment portfolio.
- There is no guarantee that the Company's objectives will be met or that suitable investment opportunities will be identified.
- The Company's ability to make market purchases of its own Shares each year will be limited by the liquidity of the Company, the rules of the UK Listing Authority, the Act and the VCT Rules.

VCT and Tax Related Risks

- Although it is intended that the Company will be managed so as to continue qualifying as a VCT, there is no guarantee that such status will be maintained. Failure to do so could result in adverse tax consequences for investors, including being required to repay up to the full 30 per cent. income tax relief. Following a loss of VCT status a Shareholder will be taxed on dividends paid by the Company and, in addition, a liability to capital gains tax may arise on any subsequent disposal of New Shares. The Company will also lose its exemption from corporation tax on capital gains.
- Changes in legislation concerning VCTs in general, and VCT qualifying investments 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.
- There is a limited secondary market for VCT shares primarily because the initial income tax relief is only available to those subscribing for newly issued shares. VCTs invest in small companies usually with limited trading records which may not produce hoped for returns and investors could get back less than they invested. The value of a VCT depends on the performance of the underlying assets.
- If VCT status is lost by the Company dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced.
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively. In particular, the levels and bases of reliefs from taxation may change and could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.
- If a Shareholder disposes of their Offer Shares within five years of issue, they will be subject to clawback by HMRC of any income tax reliefs originally claimed.

- Any realised losses on a disposal of New Shares will not be allowable losses for the purposes of capital gains tax, and will, therefore, not be available for set-off against any capital gains.

Gearing and Interest Rate Related Risks

- Prospective investors should be aware that the Company may have a certain level of gearing and, whilst the use of borrowings should enhance the net asset value of the Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying assets' value is falling. The use of borrowings also creates the risk that the borrower will be unable to service the interest payments or comply with the other requirements of the loan in the longer term rendering it repayable and the risk that borrowings will not be able to be refinanced in the longer term or that the terms of such refinancing may not be as favourable as the existing terms of borrowing. Increases in long term interest rates and levels of amortisation imposed by the Company's bankers may also have an adverse effect on the Company's ability to pay dividends to Shareholders.

Derivatives Related Risks

- Subject to Shareholders approving a change to the investment policy of the Company, the Manager may use exchange-traded derivatives for hedging purposes with a view to reducing overall market risk in the portfolio as a whole. However, investors should be aware that there is no guarantee that this risk mitigation will be in place during a market fall, and it is not the Manager's intention to seek to hold such instruments at all times. The use of derivatives and other instruments will reflect the Manager's view of the market risks from time to time. Such instruments as are available to reduce risk are imperfect. Instruments which the Manager proposes to use are traded futures and options on the FTSE 100, the FTSE Mid 250 and the Russell 2000 indices. The Russell 2000 index is based on the US mid-cap market, but has a comparable level of correlation to the FTSE Mid 250, whilst offering much greater liquidity and a lower cost of execution. The Manager will be seeking to use the most appropriate and cost effective instruments for the purpose, recognising, however, the constraint that no perfect instruments are currently available. The Manager will at no time seek to hedge more than 40 per cent. of the Company's net asset value through a combination of futures and options positions. Put options may be bought up to a maximum value of 1.5 per cent. of the Company's net asset value.
- Derivative positions will, therefore, always be covered by the assets of the portfolio and will not be used speculatively. Investors should be aware that although futures contracts, contracts for differences, cash swaps, and options are held in relation to stock market indices the contracts are settled in cash. The 'gearing' or 'leverage' created through such derivative transactions means that a small deposit or 'margin' is deposited as the contract is taken out, but this represents a much larger underlying exposure, and it is this underlying exposure which is used to measure how much of the portfolio is being hedged. If the underlying security or index moves adversely then further margin needs to be paid in order to keep the position open. Failure to do so may result in the Company's position being closed and any resulting losses would need to be funded.

PART II — LETTER FROM THE CHAIRMAN ViCTory VCT PLC

(Registered in England and Wales with registered number 04138683)

Directors

Christopher Moorsom (Chairman)
James Hambro
Michael Killingley
David Page

Registered Office:

27/28 Eastcastle Street
London
W1W 8DH

28 September 2011

Dear Shareholder

General Meeting in connection with recommended Proposals to:

- **acquire the assets and liabilities of Amati VCT 2 plc;**
- **authorise the issue of New Shares and the repurchase of Shares and New Shares;**
- **change the investment policy of the Company;**
- **adopt revised Articles of Association of the Company;**
- **reconstruct the share capital of the Company;**
- **cancel the share premium account;**
- **cancel the capital redemption reserve;**
- **authorise the issue of New Shares pursuant to a dividend reinvestment scheme; and**
- **change of name of the Company to Amati VCT 2 plc.**

The Company and Amati VCT 2 announced on 7 July 2011 that they were in discussions with a view to a possible merger of the two companies, and have today announced that they have now reached agreement in principle to merge the companies. The purpose of this Circular is to provide information on and to seek Shareholders' formal approval for the Merger and other proposals.

The Board and the Amati VCT 2 Board consider that the interests of each company's shareholders will be better served by the Merger which will result in a single company with a larger asset base, with increased costs efficiencies and an improved spread of risk, with the ability to raise further funds whilst sustaining share buy back demand.

Regulations in force since 2004 have permitted VCTs to merge without shareholders losing their VCT tax relief.

The Merger is being effected by way of a scheme of reconstruction of Amati VCT 2, whereby Amati VCT 2 is placed in members' voluntary liquidation and all its assets and liabilities are transferred to the Company in exchange for New Shares in the Company being issued directly to the shareholders of Amati VCT 2, the number of such New Shares being determined by reference to the adjusted relative net assets of the two companies (on the terms as set out in Part III of this document).

The Board is also proposing to undertake Share Offers to raise up to £30 million and to introduce an Enhanced Share Buy Back and Reinvestment Facility for Shareholders who wish to use the proceeds from selling Shares in the Company in order to apply for Offer Shares under the Share Offers.

The implementation of several aspects of the Proposals are not conditional on the implementation of the others (for instance, the implementation of the Scheme is not conditional on the Company approving the Shares Offers and vice versa). Certain aspects of the Proposals are, however, conditional on the passing of specific resolutions (several of which are interconditional). Further details of the interconditionality of the Proposals and the resolutions are set out in the section "Conditionality of the Proposals" on page 21 of this letter.

In order to effect the Proposals, the consent of Shareholders is required under IA 1986, the CA 2006 and the UK Listing Rules, and accordingly a General Meeting is being convened at which Shareholders will be asked to approve, *inter alia*, the Merger, the Share Offers and related matters.

Background

The Company was established as a venture capital trust with the name Singer & Friedlander AIM 3 VCT plc in January 2001, and was subsequently merged with two other venture capital trusts managed by Singer & Friedlander Investment Management Limited – Singer & Friedlander AIM VCT plc and Singer & Friedlander AIM 2 VCT plc - in 2006. The Company was renamed ViCTory VCT PLC on 16 June 2009 and Amati Global Investors Limited was appointed investment manager on 22 March 2010.

The Company invests mainly in a portfolio of companies whose shares are primarily traded on AIM, with its remaining assets invested in a portfolio of small and mid cap companies listed on the London Stock Exchange's main market, unquoted holdings and fixed-interest investments and bank deposits. As at 22 September 2011, the Company's unaudited NAV was 41.78p per Share. Since launch, the Company has paid a total of 12.75p per share in dividends (including the interim dividend to be paid on 18 October 2011).

Reasons for the Merger

The Board and the Amati VCT 2 Board believe that there are a number of advantages to both sets of shareholders of merging the companies, namely:

- restoring efficiencies of scale through the creation of a single VCT of a larger size with a greater capital base over which to spread administration, regulatory and management costs (including the significant fixed costs of maintaining the listing of a VCT on the Official List);
- extending the potential life of both VCTs through the Enlarged Company, allowing investors to benefit from the mature portfolio of Qualifying Investments which has been built up over many years, and which, following the restructuring undertaken by the Manager, will be focused on businesses which the Manager believes have strong prospects even against a difficult economic backdrop;
- facilitating the possibility of the Enlarged Company raising new funds, and hence also being able to sustain a share buy back policy for investors who wish to exit;
- introducing the Enhanced Share Buy Back and Reinvestment Facility which increases the likelihood of establishing a significant pool of shareholders committed to another five years of investment, thus increasing the longevity of the Enlarged Company; and
- the Company and the Manager agreeing that (if the Scheme takes effect) the annual running costs will be capped at 3.5 per cent. of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees.

Both companies are managed by Amati Global Investors using the same process and approach to portfolio construction with broadly the same investment policies.

Accordingly, your Board has agreed with the Amati VCT 2 Board to merge the companies on a basis reflecting their respective net assets and on the terms set out in this Prospectus.

The Board and the board of Amati VCT 2 anticipate that there will be substantial savings in total annual running costs of the companies following the completion of the Merger (see below).

Reasons for the Share Offers

The Directors believe the Share Offers are attractive because:

- Investors will gain access to an attractive and mature portfolio of Qualifying Investments, which is diversified by a spread of Non-Qualifying Investments encompassing a range of global investment themes;
- the Enlarged Company's top 20 investments as at 31 August 2011 would represent over 48 per cent. of combined net asset value, having a weighted average market capitalisation of £154 million, and being in companies which, in the Manager's view, have excellent prospects for earnings growth, and robust financial positions. If the two portfolios were combined as at 31 August 2011 the top ten holdings would have been Lo-Q (4.0 per cent.), Brooks Macdonald (3.1 per cent.), Synergy Health (2.8 per cent.), Green Compliance (2.7 per cent.), Anglo Pacific (2.7 per cent.), Tikit (2.7 per cent.), Prezzo (2.6 per cent.), Idox (2.6 per cent.), Asian Citrus (2.5 per cent.) and Cupid (2.4 per cent.);
- the Manager is an award winning small cap team, and has recognised expertise in managing AIM VCTs, with the most recent share offer from Amati VCT having been awarded the highest rating (87 out of 100)

amongst VCT share offers in the last tax year by Martin Churchill's independent publication, Tax Efficient Review; and

- the Directors and the Manager believe that AIM remains an attractive source of financing for innovative and high-quality companies, and that compelling Qualifying Investment opportunities will continue to arise in this market.

The Share Offers will also enable the Directors to offer the Enhanced Share Buy Back and Reinvestment Facility which allows participating Shareholders to sell their Shares to the Company at a 1 per cent. discount to the most recently published Net Asset Value per Share prior to the allotment, if the selling Shareholder applies the net proceeds to subscribe for Offer Shares under the Share Offers. A rebate of 3 per cent. of the amounts subscribed will also be given in the form of additional Offer Shares.

The following Directors, the Proposed Directors and members of the investment management team have committed themselves to invest the following amounts in the Share Offers, and to make applications under the Enhanced Share Buy Back and Reinvestment Facility for the reinvestment of their existing Shares (or Amati VCT 2 Shares as relevant) in the Share Offers, if the Merger takes effect:

	Monies to be subscribed for Offer Shares under the Share Offers	Existing shares to be included in the Enhanced Share Buy Back and Reinvestment Facility
Directors		
Christopher Moorsom	£10,000	-
Michael Killingley	£20,000	40,725 ViCTory Shares
Proposed Directors		
Julian Avery	£40,000	81,310 Amati VCT 2 Shares
Christopher Macdonald	£20,000	29,660 Amati VCT 2 Shares
Investment Management Team		
Paul Jourdan	£50,000	-
Douglas Lawson	£10,000	-

The Share Offers effectively mark a re-launch of the Company, and to reflect this the Directors are proposing to reconstruct the share capital in order to re-base the Net Asset Value to approximately 100p per Share to make it easier for Shareholders to monitor the progress of the Company from this point on.

Amati VCT 2

Amati VCT 2 (previously called Invesco Perpetual AIM VCT plc) is a venture capital trust which was launched in 2004 with the intention of investing in Qualifying Companies primarily traded on AIM. On 11 February 2011, Amati Global Investors was appointed Manager and has since then undertaken a restructuring of the portfolio. As at 31 May 2011 (the date to which the most recent audited annual report was drawn up) Amati VCT 2 had audited net assets of £13.8 million and its audited NAV per share was 31.7p. The investment portfolio as at the date of this document comprises 6 listed, 46 AIM traded and 4 unquoted holdings. The Company has paid dividends totaling 30p per Amati VCT 2 Share since its launch (including the interim dividend to be paid on 14 October 2011).

The articles of association of Amati VCT 2 require that the directors of Amati VCT 2 will, at the annual general meeting of that company in 2011, arrange for an ordinary resolution to consider whether or not the Company shall continue as a venture capital trust. However, the directors of Amati VCT 2 are entitled to put forward alternative proposals for the reconstruction and are recommending to the Amati VCT 2 Shareholders that they vote in favour of the Merger.

Details of the Scheme

The Scheme provides for Amati VCT 2 to be placed into members' voluntary liquidation and for all of its assets and liabilities to be transferred to the Company in consideration for Consideration Shares being issued directly

to the Amati VCT 2 Shareholders, such number of Consideration Shares being determined by reference to the adjusted relative net assets of the Company and Amati VCT 2. Once the Scheme is effected the listing of Amati VCT 2 Shares will be cancelled and the company wound up.

The Scheme is conditional upon the approval by the shareholders of the Company and Amati VCT 2 of certain resolutions to be proposed at their respective general meetings, and the other conditions set out in paragraph 7 of Part III of this document.

The number of Consideration Shares to be issued to Amati VCT 2 Shareholders will be calculated by multiplying the number of Amati VCT 2 Shares in issue by the Merger Ratio, this being the Amati VCT 2 Roll-Over Value divided by the ViCTory Merger Value. Such Consideration Shares will be issued to Amati VCT 2 Shareholders on the register of members on the Record Date.

The Consideration Shares will be issued in registered form, will be transferable and will rank *pari passu* in all respects with the New Shares from the date of issue. Application will be made for the Consideration Shares to be admitted to the CREST system and it is anticipated that holders of Consideration Shares will be able to hold their Consideration Shares in certificated or uncertificated form.

The holdings of dissenting Amati VCT 2 Shareholders will be purchased for cash by the liquidators of Amati VCT 2 at the 'break value' which will be an estimate of the amount an Amati VCT 2 Shareholder would receive in an ordinary winding-up of Amati VCT 2 if all its assets had to be realised. The break value is expected to be significantly below the estimated Amati VCT 2 Roll-Over Value.

If a sufficient number of Shareholders holding over 5 per cent. of the number of Amati VCT 2 Shares in issue elect not to participate in the Merger, then it will not proceed. If the level of dissent is less than 5 per cent. then the Merger will proceed. Further details of the Scheme are set out in Part III of this document.

The Directors of the Enlarged Company

The Board of the Company comprises four non-executive directors: Christopher Moorsom (Chairman), James Hambro, Michael Killingley and David Page. It has been agreed that following completion of the Merger, James Hambro and David Page will resign from the Board, and Julian Avery and Chris Macdonald (existing directors of Amati VCT 2) will join the Board of the Company, with Julian Avery becoming Chairman of the Enlarged Company.

Share Reconstruction

The Directors consider that the launch of the Share Offers effectively marks a re-launch of the Company, and believe that re-basing the NAV per share to 100p will make the New Shares more attractive to potential new investors under the Share Offers and make it easier for Shareholders to monitor the progress of the Company from this point. The Directors propose that the Share Reconstruction be implemented irrespective of whether the Scheme proceeds or not.

Accordingly, the Directors propose to reconstruct the share capital of the Company following the implementation of the Scheme (or following the Amati VCT 2 Second General Meeting if the Scheme is not approved at that meeting) so that immediately following the Share Reconstruction, the NAV of each Share (valued as at the Calculation Date) will be, as nearly as practicable, 100p. This will be achieved by the rateable redesignation of a proportion of the Shares then in issue as Deferred Shares. These Deferred Shares will be economically worthless, since as a new class of share they will have restricted rights (see below).

The number of Shares to be redesignated into Deferred Shares (having no economic value) will be calculated in accordance with the formula below:

$$\text{Deferred Shares} = N - X$$

where:

$$N = \text{the number of Shares in issue at the relevant time on the Share Reconstruction Date}$$

$$X = N/Y$$

$$Y = 100/Z$$

$$Z = \text{the ViCTory Merger Value in pence per Share}$$

By way of example of the effect of the Share Reconstruction only, if the Share Reconstruction had been implemented on 31 July 2011 (the date of the unaudited interim accounts of the Company) with the ViCTory Merger Value being equal to the unaudited NAV per Share as at that date (46.7p), the Share Reconstruction would be as follows:

where:

N	=	39,562,549 Shares in issue on 31 July 2011		
X	=	$N/Y (39,562,549/2.141)$	=	18,475,710
Y	=	$100/Z (100/46.7)$	=	2.141
Z	=	46.7		
Deferred Shares	=	$N - X (39,562,549 - 18,475,710)$		
	=	21,086,839		

Revised net asset value per Share 100p

The Deferred Shares will have restricted dividend rights, will not have rights to receive notice of, or attend or vote at, general meetings, will on a winding up will only be entitled only to 1p for every 1,000,000 Deferred Shares (with no further right to participate in any further surplus assets of the Company), and will be capable of being repurchased by the Company at any time for an aggregate consideration of 1p.

The Directors propose to seek Shareholder authority for the Company to enter into an off-market contract to purchase all the issued Deferred Shares for an aggregate amount of 1p and cancelled as issued. A copy of the contract for this off-market purchase of Deferred Shares may be inspected at the registered office of the Company for the period of 15 days prior to the General Meeting and at the meeting itself. The Company intends, subject to regulatory and Court approval, to cancel the capital redemption reserve arising on the issue of Deferred Shares pursuant to the Share Reconstruction and to establish a new reserve which may be treated as distributable, which can be used, *inter alia*, to fund the Company's buy back of Shares and the payment of future dividends. Accordingly, resolution 10 set out in the notice of General Meeting deals with this proposed cancellation.

Shareholders who hold their shares in certificated form will receive replacement share certificates in respect of the New Shares arising from the Share Reconstruction. The certificates for the New Shares are expected to be dispatched at the risk of the holder by 1st class post by 16 November 2011. Existing share certificates will no longer be valid. It is anticipated that Shareholders who hold their Shares in uncertificated form, that is in CREST, will have their CREST accounts credited by 10 November 2011. The ISIN for the New Shares after the Share Reconstruction will be GB00B641BB82.

The Share Offers

The Company has today launched the Share Offers which seek to raise up to £30 million. The 2011/12 Offer in respect of the tax year ending 5 April 2012 will close for subscriptions at 5.00 pm on 5 April 2012. The 2012/13 Offer in respect of the tax year ending 5 April 2013 will open on 6 April 2012 and close at 5.00 pm on 10 September 2012 unless extended by the Directors (but not beyond 27 September 2012). The Share Offers may close earlier than the dates stated if they are fully subscribed by an earlier date. The Share Offers are not conditional on the Merger becoming effective.

The net proceeds of the Share Offers will be invested in accordance with the Company's investment policy (whether or not the Company's investment policy is amended in accordance with the proposals set out in this document).

A maximum of £30 million of Offer Shares are being made available under the Share Offers. Under the Share Offers, investors are invited to subscribe an amount in pounds sterling rather than apply for a particular number of Offer Shares. The Directors have agreed that the price of Offer Shares will be calculated on the basis of the Pricing Formula.

The Pricing Formula is:

The most recent published Net Asset Value per New Share prior to the allotment (with an appropriate adjustment for any performance fee potentially payable based on the Net Asset Value at that date) divided by 0.95 to allow for issue costs of 5 per cent., calculated, in pence, rounded up to two decimal places.

No allotments will be made more than four Business Days after the publication of a Net Asset Value per New Share.

Based on an illustrative NAV of New Shares of 100p immediately following the completion of the Scheme (and assuming no performance fee adjustment), Offer Shares will be allotted at 105.26p per Offer Share.

The Offer Shares will be issued in registered form, be transferable in both certificated and uncertificated form and rank for all dividends and other distributions, declared, paid or made by the Company thereafter. The Company has applied for the Offer Shares to be admitted to CREST and it is expected that the Offer Shares will be so admitted and, accordingly, enabled for settlement in CREST, as soon as practicable after Admission has occurred.

Investment Manager

Amati Global Investors (formerly Noble Fund Managers Limited) is an independent fund management business, and was appointed as investment manager to the Company on 22 March 2010. Amati Global Investors Limited was incorporated and registered in Scotland on 15 September 1999 as a private company with registered number SC199908. The Company's previous investment manager was Williams de Broë Limited.

The Manager is a wholly owned subsidiary of Amati Global Partners LLP, which was established by Paul Jourdan and Douglas Lawson to effect the management buy-out of Noble Fund Managers Limited. Amati Global Partners LLP is wholly owned by staff of the Manager.

In addition to the Company and Amati VCT 2, Amati Global Investors manages Amati VCT, the CF Amati UK Smaller Companies Fund and the Amati Systematic Trend Fund. From launch on 24 March 2005 to 31 August 2011, Amati VCT has generated an unaudited NAV Total Return of 3.6 per cent. (excluding subscription costs and tax rebate, assuming dividends reinvested at the ex-dividend date) during which time the FTSE AIM All Share Total Return Index has fallen by 26.6 per cent. This equates to a 63.6 per cent. total return for investors who bought the fund at launch, paying the full initial costs, and receiving the full available tax relief (which was 40 per cent. in 2005), assuming that the 26.3p of dividends paid were reinvested at the ex-dividend date.

The CF Amati UK Smaller Companies Fund has been managed by Paul Jourdan since 2000 and co-managed by Douglas Lawson since 2009, and was awarded the Small Cap Fund of the Year 2011 award from the publication, Growth Company Investor. Over a ten year period to 31 August 2011 this fund produced a total return of 200.6 per cent., during which time its benchmark (the RBS HGSC Index, including AIM, excluding investment trusts) rose by 84.2 per cent.

The Amati Systematic Trend Fund is a managed futures fund established in May 2011 and managed by Chris Allen and Jason Rolf, who joined Amati Global Investors in October 2010, and Gordon Izatt who joined in January 2011.

Investment Management Fees

Under the Investment Management and Administration Agreement (the "IMA"), the Company has agreed to pay to the Manager a fixed management fee of 1.75 per cent. per annum of the net asset value of the Company, payable in arrears, together with a performance fee further details of which are set out at paragraph 5.1.2 of Part IV of this document.

Under the IMA, the Manager has also agreed to provide secretarial and administration services for the Company. A fee of £65,000 per annum is payable by the Company to the Manager for these services, subject to an annual increase in line with the retail prices index. The current fee for the period ending 31 July 2012 is £68,384 per annum. The appointment of the Manager as administrator and company secretary may be terminated on one year's notice. The Manager has engaged The City Partnership (UK) Limited to act as company secretary and Capita Financial as administrator of the Company.

These investment management arrangements will be unchanged following completion of the Merger (with the exception of a technical amendment to the IMA so that the Consideration Shares to be issued pursuant to the Scheme shall be treated as a separate “Pool” for the purposes of the share performance fee arrangements in the IMA - see paragraph 5.1.5 of Part IV of this document).

Proposed Cap on Annual Running Costs

If the Scheme takes effect, the Company and the Manager have agreed to introduce a cap on the annual running costs of 3.5 per cent. of the Company’s net assets, with any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the Directors’ and Manager’s fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fee payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

Merger Cost Savings and Costs of the Scheme

Following the completion of the Merger (and assuming that no funds are raised under the Share Offers), it is anticipated that the annual running costs – including management and administration fees – for the Company (anticipated to be £537,000 for the next full financial year) and Amati VCT 2 (anticipated to be £465,000 for the next full financial year) will be reduced by approximately £219,000, an annual saving of approximately 22 per cent. against the total running costs of these companies.

The total cost of the Merger is anticipated to be approximately £212,000 (including VAT), which will be split equally between the Company and Amati VCT 2.

Change in the Investment Policy of the Company

The Board is seeking Shareholder approval for an amendment to the investment policy to allow the Manager to use exchange traded derivative instruments in order to reduce the market risk inherent in the Company’s investment portfolio. The Directors believe that this policy will allow a useful additional risk management capability to be introduced, which the Manager has experience of using for Amati VCT.

Current Investment Policy

The Company’s current investment policy is set out below:

Investment Objective

The investment objectives of the Company are to generate tax free capital gains and income on investors’ funds through investment primarily in AIM-traded companies whilst mitigating risk appropriately within the framework of the structural requirements imposed on all VCTs.

Risk Diversification

Portfolio risk will be mitigated through appropriate diversification of holdings within the relevant portfolio. Within the 3 year VCT investment period for each pool of Ordinary Shares, the Company intends to have invested between 70 and 85 per cent. in Qualifying Investments (AIM/PLUS Market listed or to be listed companies, or companies that are likely to be the subject of a sale within 24 months), 0 to 30 per cent. in Non-Qualifying Investments (companies quoted in London on the LSE or AIM or likely to be quoted in London within 12 months or companies likely to be the subject of a trade sale within 24 months) and 0 to 30 per cent. in cash, cash equivalents, government and investment grade bonds.

Asset Allocation

The Manager intends that by the date from which all funds raised are required to meet the VCT qualifying rules, the Company’s investment profile will be approximately:

- Between 70 and 85 per cent. in Qualifying Investments, whether equity or non-equity securities in (a) companies traded on AIM or on PLUS Markets, or (b) companies likely to seek a quotation on AIM or on

PLUS Markets within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 month period. The issues in which the Company will invest (whether equity or non-equity securities, in AIM or PLUS Markets traded companies) will be either secondary offerings by existing AIM-traded companies or primary offerings when a company is admitted to trading on AIM for the first time;

- Between 0 and 30 per cent. in Non-Qualifying Investments in small and mid-sized companies where such companies are either (a) quoted in London (b) likely to seek a quotation in London within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 months period;
- Between 0 and 30 per cent. in cash or cash equivalents (including money market funds) or government or investment grade bonds.

In accordance with the conditions for eligibility as an investment company under the Act, any holdings by the Company in shares or other securities in a company will not represent more than 15 per cent. by value of the Company's investments.

While Qualifying Investments are being sourced, the assets of the portfolio which are not in Qualifying Companies will be actively invested by the Manager in a combination of the above (always ensuring that no more than 15 per cent. of the Company's funds are invested in any one entity).

Borrowing Policy

The Company may, within the limits set out in its Articles, utilise borrowings to provide flexibility in its investment and dividend policies. The Articles allow the Company to borrow up to an amount equal to its adjusted capital and reserves (as defined in the Articles). The Board will restrict the borrowings of the Company to an amount which will not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 25 per cent. of the adjusted capital and reserves. There were no borrowings at the year end.

Any material changes to the Company's investment policy are required to be approved by Shareholders.

Proposal for the Change to Investment Policy

The Board is seeking Shareholder approval for an amendment to the investment policy to allow the Manager to use exchange traded derivative instruments in order to reduce the market risk inherent in the Company's investment portfolio.

The reason for wishing to change the investment policy relates to the specific constraints imposed on the Manager by the VCT legislation. The Directors believe that this policy will allow a useful additional risk management capability to be introduced, which the Manager has experience of using for Amati VCT. The ability to mitigate risk in VCTs is restricted by the need to maintain a minimum of 70 per cent. of the Company's assets in Qualifying Holdings after the initial three year period after subscription has expired. A VCT's ability to invest and mitigate risk is therefore restricted in three important respects:

- (i) Companies in which Qualifying Investments are made are likely to be small, with their shares likely to be highly illiquid and their prospects can improve or deteriorate very rapidly. The liquidity risk itself cannot be adequately diversified, because larger, more liquid stocks cannot be purchased in the qualifying portion of a VCT's portfolio.
- (ii) Qualifying Holdings have to be purchased as opportunities arise. This is a long-term process, the pace of which cannot be determined solely by the Manager.
- (iii) VCTs are less able to respond readily to the changing risk environment in the market as a whole because the ability to sell Qualifying Holdings may be dependent on the opportunity to replace that holding with another Qualifying Holding, and an appropriate opportunity may not be available at the right time.

In relation to the risks inherent in investing in Qualifying Holdings, the Company seeks to address some of the issues outlined above through its Non-Qualifying Investment strategy, which introduces investments with far greater liquidity, with a greater diversity of geographic exposure, and from sectors not generally seen in Qualifying Investments.

However, in relation to reducing market risk, the manager of a VCT will always be constrained. Amati VCT introduced into its investment policy the ability to hedge market risk via derivatives on exchange-traded index futures at its inception in 2005. Since then the use of such instruments have been limited to particular periods when the Manager believed the market looked vulnerable to set-backs, and the Manager has not used them

at all over the last two years. However, the Manager believes that over the next five years the ability to hedge market risk in this manner could prove important for preserving value in the face of a prolonged downturn in the stock market as a whole, and has, therefore, encouraged the Board to propose this change to Shareholders. There is no guarantee, however, that the adoption of this investment policy will mean that market risk in the Company's portfolio is hedged during a fall in the stock market as a whole.

The use of derivatives will not prevent the Company from losing money overall in a falling market. However, the Manager's objective is to partially reduce losses and also to provide cash for investment at moments when the market is weak. The Company will only enter into such transactions for the purposes of efficient portfolio management in line with conventional practice. Strict internal guidelines on the use of derivatives will be put in place by the Manager. Additionally, such derivatives as are used, are required to offer both good liquidity and, in the Manager's opinion, reasonable correlation to the AIM market. The Manager is under no obligation to use any one of these approaches and provides no guarantee that market risk management will be in place during a falling market. The use of any or all of these instruments will reflect the Manager's view of the market risks which may be taken at any time.

Your attention is drawn to the risk factors relating to the use of derivatives set out on page 8 of this document.

Proposed Investment Policy

If approved by the Shareholders at the General Meeting, the Company's investment policy will be as follows:

Investment Objective

The investment objectives of the Company are to generate tax free capital gains and income on investors' funds through investment primarily in AIM-traded companies whilst mitigating risk appropriately within the framework of the structural requirements imposed on all VCTs.

Risk Diversification

Portfolio risk will be mitigated through appropriate diversification of holdings within the relevant portfolio. Within the 3 year VCT investment period for each pool of Ordinary Shares, the Company intends to have invested between 70 and 85 per cent. in Qualifying Investments (AIM/PLUS Market listed or to be listed companies, or companies that are likely to be the subject of a sale within 24 months), 0 to 30 per cent. in Non-Qualifying Investments (companies quoted in London on the LSE or AIM or likely to be quoted in London within 12 months or companies likely to be the subject of a trade sale within 24 months) and 0 to 30 per cent. in cash, cash equivalents, government and investment grade bonds.

The Manager may use exchanged-traded derivatives with a view to reducing overall market risk in the portfolio as a whole. The Manager shall only seek to hedge a limited amount of market risk and shall always be covered by the assets of the portfolio. The Manager will at no time seek to hedge more than 40 per cent. of the Company's net asset value through a combination of futures and options positions. Put options may be bought up to a maximum value of 1.5 per cent. of the Company's net asset value. The use of derivatives is on a strictly controlled basis only and is part of a total risk mitigation exercise, not a separate investment policy. The Company's overriding investment principle in relation to the use of derivatives is to seek to reduce any potential capital loss in the equity portions of the Qualifying and Non-Qualifying Investment portfolios in a falling market.

Asset Allocation

The Manager intends that by the date from which all funds raised are required to meet the VCT qualifying rules, the Company's investment profile will be approximately:

- Between 70 and 85 per cent. in Qualifying Investments, whether equity or non-equity securities in (a) companies traded on AIM or on PLUS Markets, or (b) companies likely to seek a quotation on AIM or on PLUS Markets within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 month period. The issues in which the Company will invest (whether equity or non-equity securities, in AIM or PLUS Markets traded companies) will be either secondary offerings by existing AIM-traded companies or primary offerings when a company is admitted to trading on AIM for the first time;

- Between 0 and 30 per cent. in Non-Qualifying Investments in small and mid-sized companies where such companies are either (a) quoted in London (b) likely to seek a quotation in London within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 months period;
- Between 0 and 30 per cent. in cash or cash equivalents (including money market funds) or government or investment grade bonds.

In accordance with the conditions for eligibility as an investment company under the Act, any holdings by the Company in shares or other securities in a company will not represent more than 15 per cent. by value of the Company's investments.

While Qualifying Investments are being sourced, the assets of the portfolio which are not in Qualifying Companies will be actively invested by the Manager in a combination of the above (always ensuring that no more than 15 per cent. of the Company's funds are invested in any one entity).

As described above, the Manager will also have the facility to seek to reduce market risk from the equity portfolio held by the Company through the use of derivatives. The derivatives used will be exchange-traded. They will be in highly liquid markets bearing a reasonable level of correlation to the Company's benchmark index, ensuring that the value is normally transparent, and enabling positions to be closed rapidly when needed.

Borrowing Policy

The Company may, within the limits set out in its Articles, utilise borrowings to provide flexibility in its investment and dividend policies. The Articles allow the Company to borrow up to an amount equal to its adjusted capital and reserves (as defined in the Articles). The Board will restrict the borrowings of the Company to an amount which will not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 25 per cent. of the adjusted capital and reserves.

Change in Investment Policy

Any material changes to the Company's investment policy are required to be approved by Shareholders.

Dividend Reinvestment Scheme

The Company intends to create the Dividend Reinvestment Scheme, enabling Shareholders to use all of their dividends to subscribe for further New Shares in a cost effective manner.

The price at which New Shares will be issued is the NAV per New Share as close as reasonably practical to the dividend payment date. The Company bears all of the costs of operating the Dividend Reinvestment Scheme. Dividend reinvestment enables Shareholders to increase their total holding in the Company without incurring dealing costs, issue costs or stamp duty. Subject to the limits on investments in VCTs, New Shares issued under the DRIS should qualify for the VCT tax reliefs that are applicable to subscriptions for new VCT shares. The Dividend Reinvestment Scheme may be appropriate for those Shareholders who are investing primarily for capital growth.

The Directors are proposing to allocate up to £2 million of New Shares for the Dividend Reinvestment Scheme pursuant to the Prospectus. New Shares subscribed for via the Dividend Reinvestment Scheme will form part of the relevant Shareholder's annual limit for investing in venture capital trusts. Shareholders wishing to reinvest their dividends should tick the box on the Offer Subscription Form. The terms and conditions of the Dividend Reinvestment Scheme are set out in Part X of the Prospectus.

If the revised Articles are adopted (see below), consideration of the duration of the Company will take place at the annual general meeting in 2018. If the Shareholders vote in favour of the Company not continuing as a VCT, then the Directors will take steps to wind the Company up. In effecting such steps, the Company shall take into account the need for the New Shares issued under the Dividend Reinvestment Scheme in the 2011/12 and 2012/13 tax years to have been held for a sufficient period of time before any winding up takes effect to allow participants in that scheme to retain their VCT income tax relief.

Duration of Company and Amendments to the Articles

To allow the Share Offers to be made, it is proposed that the Articles be amended so that the continuation resolution to be put to Shareholders at the annual general meeting of the Company in 2013 is instead put to

Shareholders at the annual general meeting in 2018 (and at each annual general meeting of the Company at five year intervals thereafter).

To allow the Share Reconstruction to be effected, it is proposed that the Articles of the Company be amended so that Deferred Shares can be created and repurchased by the Company. The Deferred Shares will have restricted dividend rights, will not have rights to receive notice of, or attend or vote at, general meetings, will on a winding up will only be entitled only to 1p for every 1,000,000 Deferred Shares (with no further right to participate in any further surplus assets of the Company), and will be capable of being repurchased by the Company at any time for an aggregate consideration of 1p.

Other amendments to the Articles are being made as a result of the implementation of the CA 2006 and other legislation.

Dividend Policy

The Board intends to target annual dividend payments totalling 5 to 6 per cent. of the Company's audited year end NAV. However, no profit forecast is to be inferred or implied from this statement.

Share Issue Authorities

In order to implement the Scheme, the Company will need to authorise the Board to allot New Shares pursuant to the Scheme. The Company will also need to authorise the Board to allot New Shares pursuant to the Share Offers and the Dividend Reinvestment Scheme, and is also taking the opportunity to renew its authorities to issue up to 10 per cent. of the issued share capital of the Enlarged Company from time to time.

Share Buy Back Authorities

The Board intends, subject to liquidity, the rules of the UK Listing Authority and other relevant regulations, to pursue a policy of purchasing New Shares in the market in order to facilitate liquidity and to manage the level of the discount to NAV at which New Shares are traded. The Company has a stated policy of buying back Shares in the market at a 20 per cent. discount to NAV. It is proposed that, following the Merger, the Enlarged Company will offer a share buy back facility initially at around a 15 per cent. discount to NAV, with a view to reducing the discount to 10 per cent. by the end of 2013, subject to applicable legislation governing the Company, market conditions at the time and the Company having both funds and distributable reserves available for the purpose. The making and timing of any share buy backs will remain at the absolute discretion of the Board.

Therefore, the Company is also taking this opportunity to renew its authorities to buy-back up to 14.9 per cent. of the issued Shares of the Enlarged Company. It is likely that during the twelve month period following the Merger the Directors will seek to re-structure the Company's reserves to increase the proportion of reserves which are distributable. This may result in a period of time when share buy backs are not possible.

Cancellation of the Share Premium Account

The Company intends, subject to regulatory and Court approval, to cancel the share premium account arising on the issue of the New Shares pursuant to the Scheme and the Share Offers, and to establish a new reserve which may be treated as distributable, which can be used, *inter alia*, to fund the Company's buyback of New Shares and the payment of dividends. Accordingly, resolution 9 set out in the notice of General Meeting deals with this proposed cancellation.

Change of Name

A resolution is to be proposed at the General Meeting that the name of the Company is changed to "Amati VCT 2 plc" on the Scheme taking effect.

General Meeting

Notice of the General Meeting is set out at the end of this document. The General Meeting will be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October 2011 at 2.00 pm to

approve the Resolutions and to implement the Proposals. Resolutions 1 to 4 will be proposed as ordinary resolutions and resolutions 5 to 12 will be proposed as special resolutions.

An explanation of the Resolutions is set out below:

Resolution 1 seeks the approval of Shareholders as required by the CA 2006 to authorise the Directors pursuant to Section 551 CA 2006 to allot New Shares up to an aggregate nominal value of £6,000,000 (representing approximately 304 per cent. of the issued share capital of the Company as at 26 September 2011, this being the latest practicable date prior to publication of this document) in connection with the Scheme, the Share Offers and/or the DRIS. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting.

Resolution 2 seeks the approval of Shareholders as required by the CA 2006 to authorise the Directors pursuant to Section 551 CA 2006 to allot Shares (other than in relation to the Scheme, the Share Offers and/or the DRIS) up to an aggregate nominal value representing no more than 10 per cent. of the aggregate nominal value of the Shares issued from time to time. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.

Resolution 3 seeks the approval of Shareholders to authorise the Directors to offer holders of Shares in the Company the right to receive shares (instead of cash) in respect of any dividend declared under the terms of the Dividend Reinvestment Scheme. The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution.

Resolution 4 seeks the approval of Shareholders as required by the Listing Rules for the proposed amendments to the investment policy of the Company as described on page 17 of this letter.

Resolution 5 seeks the approval of Shareholders for the purchase by the Company of all of the assets and liabilities of Amati VCT 2 under the Scheme pursuant to the IA 1986.

Resolution 6 is a composite resolution which seeks the approval of Shareholders as required by the CA 2006 for the Share Reconstruction. If, as anticipated, the ViCTory Merger Value per Share as at the Calculation Date is less than 100 pence per Share, the Share Reconstruction will become effective to ensure that, as nearly as possible, the net asset value per Share is 100 pence, such reconstruction to take effect on the Share Reconstruction Date. If the Scheme becomes effective, then this will be after the close of business on the day on which the New Shares in connection with the Scheme are admitted. If the Scheme does not proceed, such reconstruction shall take effect after the close of business on the date of the Amati VCT 2 Second General Meeting (or such later date as the Directors may specify).

The Share Reconstruction will be done in the following way.

At the relevant time on the Share Reconstruction Date, a number of Shares will be ratably redesignated as Deferred Shares and then purchased off-market by the Company for a nominal consideration so that the net asset value of the remaining Shares is, as nearly as possible, 100 pence per Share. It is proposed by paragraphs (ii) and (iii) of the resolution to amend the Articles as adopted by resolution 11 to include provisions reflecting the rights and restrictions attaching to the Deferred Shares as set out below:

Dividends — the Deferred Shares will have the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable on ordinary share capital at the rate of 1p per annum in aggregate to be paid amongst the holders of Deferred Shares as a class. The Deferred Shares will carry no further right to a dividend;

Voting — the Deferred Shares will not have any rights to receive notice of, or to attend or vote at general meetings;

Return of Capital — the Deferred Shares will have, on a winding-up, a preferential right to be paid out of the assets of the Company available for distribution an amount equal to 1p for every 1,000,000 Deferred Shares (or part thereof) held prior to the surplus being distributed to the holders of ordinary share capital. The Deferred Shares will have no further right to participate in any surplus assets of the Company; and

Purchase by the Company — the Deferred Shares shall be capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purposes the Directors may authorise any person

to execute on behalf of and as attorney for the holders of Deferred Shares an appropriate contract and may deliver it or them on their behalf).

Pursuant to paragraphs (i) and (iv) of the resolution, the Directors will be authorised to enter into a contract to purchase all the issued Deferred Shares for an aggregate amount of 1p in accordance with the Articles as amended pursuant to paragraph (iii) of the resolution (in the form of the contract tabled at the meeting and which as at the date of the meeting will have been on display at the Company's registered office and available for inspection by members for not less than 15 days).

The Company shall not be obliged to: (i) issue share certificates in respect of the Deferred Shares; (ii) give any prior notice to the holders of Deferred Shares that such shares are to be purchased in accordance with the Articles; or (iii) account to any holder of Deferred Shares for the purchase monies in respect of the purchase of such shares.

Resolution 7 seeks the approval of Shareholders as required by the CA 2006 to disapply pre-emption rights in respect of any Shares issued pursuant to the authorities contained in Resolutions 1 and/or 2 (representing approximately 314 per cent. of the issued share capital as at 26 September 2011). The authority conferred by this resolution will expire on the fifth anniversary of the date of the passing of this resolution.

Resolution 8 seeks the approval of Shareholders as required by the CA 2006 to authorise the Company to make market purchases of up to 14.9 per cent. of the Shares issued from time to time. Any Shares bought back under this authority may be cancelled or held in treasury as may be determined by the Board. The authority conferred by this resolution will expire on the earlier of (i) the conclusion of the next annual general meeting of the Company and (ii) the expiry of eighteen months following the passing of this resolution, unless renewed prior to such time.

Resolution 9 seeks the approval of Shareholders as required by the CA 2006 to authorise the cancellation of the share premium account of the Company arising on the issue of New Shares pursuant to the Scheme and the Share Offers at the date of the order made confirming such cancellation by the court, in order to establish a new reserve which may be treated as distributable, which can be used, *inter alia*, to fund the Company's buy back of Shares and the payment of future dividends.

Resolution 10 seeks the approval of Shareholders as required by the CA 2006 to cancel the capital redemption reserve of the Company (including that arising on the repurchase of Deferred Shares pursuant to the Share Reconstruction) at the date of the order made confirming such cancellation by the court, in order to establish a new reserve which may be treated as distributable, which can be used, *inter alia*, to fund the Company's buy back of Shares and the payment of future dividends.

Resolution 11 seeks the approval of Shareholders as required by the CA 2006 to adopt the articles of association of the Company for the reasons set out under the heading "Duration of Company and Amendments to the Articles" on page 18.

Resolution 12 seeks the approval of Shareholders as required by the CA 2006 to change the name of the Company (subject to the Scheme becoming effective) to "Amati VCT 2 plc".

Conditionality of the Proposals

The implementation of several aspects of the Proposals are not conditional on the implementation of the others. Certain aspects of the Proposals are, however, conditional on the passing of specific resolutions (several of which are interconditional):

- in the case of the Scheme (Resolution 5), this is conditional on the passing of Resolution 1 (authority to allot New Shares for the Share Offers, the Scheme and/or the DRIS) and Resolution 7 (authority to dispense with pre-emption rights);
- in the case of the introduction of the Dividend Reinvestment Scheme (Resolution 3), this is conditional on the passing of Resolution 1 (authority to allot New Shares for the Share Offers, the Scheme and/or the DRIS), Resolution 7 (authority to dispense with pre-emption rights) and Resolution 11 (adoption of revised articles of association); and
- in the case of the Share Offers, this is conditional on the passing of Resolution 1 (authority to allot New Shares for the Share Offers, the Scheme and/or the DRIS), Resolution 7 (authority to dispense with pre-emption rights), and Resolution 11 (adoption of revised articles of association), and in the case of the Enhanced Share Buy Back and Reinvestment Facility, the further condition of the passing of Resolution 8 (authority to buy back New Shares).

The proposed Share Reconstruction and the amendment of the investment policy are both standalone proposals.

Action to be taken

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

Shareholders will find attached a form of proxy for use at the General Meeting enclosed with this document. If you are a holder of Shares, you are asked to complete and return the Form of Proxy relating to the General Meeting.

Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy attached so as to be received not less than 48 hours before the time appointed for holding of the General Meeting. Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting should you wish to do so.

Recommendation

The Board believes that the Scheme, the Share Offers and other related proposals are in the best interests of the Shareholders as a whole.

Accordingly, the Board unanimously recommends you to vote in favour of all of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own holdings of 176,701 Shares representing approximately 0.45 per cent. of the issued share capital of the Company.

Yours faithfully,

Christopher Moorsom
Chairman

PART III – THE SCHEME

1. Calculation of ViCTory Merger Value and Amati VCT 2 Roll-Over Value

The Manager, instructed by the Liquidators, will be required to calculate the Amati VCT 2 Roll-Over Value and the ViCTory Merger Value, in accordance with paragraph 4 below, on or immediately prior to the Effective Date.

2. Provision of Information

On the Effective Date, the Liquidators will receive all the cash, undertakings and other assets, and will assume all the liabilities, of Amati VCT 2 and will deliver to the Company:

- details of all the assets and liabilities of Amati VCT 2;
- a list certified by the registrars of the names and addresses of, and the number of Amati VCT 2 Shares held by, each of the Amati VCT 2 Shareholders on the register at 5.30 pm on the Record Date;
- an estimate of the winding-up costs (one half of which will be allocated equally between the Company and Amati VCT 2); and
- the amount estimated to be required to purchase the shareholdings of any dissenting Amati VCT 2 Shareholders.

3. Transfer Agreement

On the Effective Date, the Company will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Amati VCT 2 to the Company in consideration of the issue of New Shares to the Amati VCT 2 Shareholders on the basis set out below.

In further consideration of such transfer of all of the assets and liabilities of Amati VCT 2 to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including the cost of implementing the Scheme, the winding-up of Amati VCT 2 and the purchase for cash of any holdings of dissenting Amati VCT 2 Shareholders.

4. Calculation of the ViCTory Merger Value, the Amati VCT 2 Roll-Over Value and the Number of New Shares to be Issued

For the purposes of calculating the Amati VCT 2 Roll-Over Value, the ViCTory Merger Value and the number of Consideration Shares to be issued, the following provisions will apply:

Amati VCT 2

The Amati VCT 2 Roll-Over Value will be calculated as:

$$\frac{A + B + C - D - E}{F}$$

where:

- A = the audited net asset value of Amati VCT 2 as at 31 May 2011, calculated in accordance with Amati VCT 2's normal accounting policies;
- B = any increase/decrease in the valuations of: (i) investments held by Amati VCT 2 in securities quoted on a recognised stock exchange (including AIM and the PLUS market) by reference to their bid price as at the close of business from 31 May 2011 to the Record Date; (ii) unquoted investments held by Amati VCT 2 where there has been an event in the period between 31 May 2011 and the Record Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)' in which case the unquoted investments will be re-valued at their fair value as determined by the directors of Amati VCT 2; and (iii) any investment held by Amati VCT 2 following an event in the period between 31 May 2011 and the Record Date, which, in the opinion of the Board and the Amati VCT 2 Board

(acting jointly), has had a material impact on such an investment will be re-valued as previously stated;

- C = any adjustment that both the Board and the Amati VCT 2 Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of Amati VCT 2 between 31 May 2011 and the Record Date (including, for the avoidance of doubt, acquisitions and disposals of investments, income from securities and running costs of Amati VCT 2);
- D = 50 (fifty) per cent. of the costs of the Scheme;
- E = the amount estimated to be required to purchase the holdings of Amati VCT 2 Shares from dissenting Amati VCT 2 Shareholders; and
- F = the number of Amati VCT 2 Shares in issue following close of business on the Record Date (save for any Amati VCT 2 Shares held by dissenting Amati VCT 2 Shareholders).

The Company

The ViCTory Merger Value will be calculated as follows:

$$\frac{G+H+I-J}{K}$$

where:

- G = the unaudited net asset value of the Company as at 31 July 2011, calculated in accordance with the Company's normal accounting policies;
- H = any increase/decrease in the valuations of: (i) investments held by the Company in securities quoted on a recognised stock exchange (including AIM and the PLUS market) by reference to their bid price as at the close of business from 31 July 2011 to the Record Date; (ii) unquoted investments held by the Company where there has been an event in the period between 31 July 2011 and the Record Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)' in which case the unquoted investments will be re-valued at their fair value as determined by the Directors of the Company; and (iii) any investment held by the Company following an event in the period between 31 July 2011 and the Record Date, which, in the opinion of the Board and the Amati VCT 2 Board (acting jointly), has had a material impact on such an investment will be re-valued as previously stated;
- I = any adjustment that the Board and the Amati VCT 2 Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Company between 31 July 2011 and the Record Date (including, for the avoidance of doubt, acquisitions and disposals of investments, income from securities and running costs of the Company);
- J = 50 (fifty) per cent. of the costs of the Scheme; and
- K = the number of Shares in issue following close of business on the Record Date.

If the Scheme is not implemented for any reason, the Share Reconstruction will continue to be implemented. In such a case, and for the purposes of the Share Reconstruction only, the ViCTory Merger Value which results from the formula above will be adjusted by disregarding any costs taken into account in calculating J if such costs will not be incurred by the Company (e.g. stamp duty payable by the Company on the transfer of the assets and liabilities of Amati VCT 2), and any abort costs payable by the Company will be deemed to be a cost of the Scheme.

Consideration Shares

The number of Consideration Shares to be issued to Amati VCT 2 Shareholders (save for any dissenting Amati VCT 2 Shareholders) will be calculated as follows:

$$\left(\frac{L}{M} \right) \times N$$

Where:

L = the Amati VCT 2 Roll-Over Value;

M = the ViCTory Merger Value; and

N = the number of Amati VCT 2 Shares in issue as at close of business on the Record Date (save for any Amati VCT 2 Shared held by dissenting Amati VCT 2 Shareholders).

The Consideration Shares to be issued pursuant to the Scheme will be issued directly to Amati VCT 2 Shareholders (save for any dissenting Amati VCT 2 Shareholders) *pro rata* to their existing holdings on the instruction of the Liquidators.

Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £5) will be sold in the market and the proceeds retained for the benefit of the Enlarged Company.

The Consideration Shares will be issued in registered form. Consideration Shares are eligible for electronic settlement and can be held within the CREST system. If, following issue, recipients of Consideration Shares pursuant to the Scheme should wish to hold their Consideration Shares in uncertificated form they should contact their broker or independent financial adviser. Any dividend payment mandates provided for Amati VCT 2 will, unless Amati VCT 2 Shareholders advise otherwise, be transferred to the Company.

On the Share Reconstruction Date the Company will reconstruct its share capital by the rateable redesignation of a proportion of the Shares then in issue (including the Consideration Shares) as Deferred Shares. The Deferred Shares shall carry rights which render such shares economically worthless. Immediately after the Share Reconstruction the Company will repurchase the Deferred Shares for a nominal consideration of one pence in aggregate. The number of issued Shares to be so redesignated and repurchased shall be such as to ensure, as nearly as practicable, that the net asset value per share of the remaining Shares shall be 100 pence.

Application has been made to the UKLA for the Consideration Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such Consideration Shares to be admitted to trading on its market for listed securities. The Consideration Shares will rank *pari passu* with the New Shares from the date of issue. Application has been made to the UKLA and to the London Stock Exchange for an amendment to the listing and trading line of Shares to reflect the Share Reconstruction.

5. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions as the parties to the relevant Transfer Agreement may from time to time approve in writing.

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the relevant Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company and Amati VCT 2 or the Amati VCT 2 Board, the Board (or any individual director of the Company and Amati VCT 2), the registrar or the bankers of the Company and Amati VCT 2 or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Scheme Conditionality

The Scheme is conditional upon:

- the passing of certain of the Resolutions to be proposed at the General Meeting;
- notice of dissent not having been received from Amati VCT 2 Shareholders holding more than 5 per cent. in nominal value of the issued capital of Amati VCT 2 under Section 111 IA 1986 (this condition may be waived by the Amati VCT 2 Board); and
- the passing of the resolutions to be proposed at the Amati VCT 2 Meetings.

Subject to the above, the Scheme shall become effective immediately after the passing of the special resolutions for the winding up of Amati VCT 2 to be proposed at the Amati VCT 2 Second General Meeting. If it becomes effective, the Scheme shall be binding on all Amati VCT 2 Shareholders and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 31 December 2011, the Scheme shall not become effective.

8. Pro-Forma Financial Information on the Enlarged Company

Pro-forma financial information on the Enlarged Company, on the basis that the Scheme had been effected as at 31 July 2011, by reference to the unaudited net assets of the Company as at 31 July 2011 and the audited net assets of Amati VCT 2 as at 31 May 2011, is set out in Part IV of the Prospectus.

9. Consideration Share Certificates

Following completion of the Scheme and the Share Reconstruction, Amati VCT 2 Shareholders will receive new share certificates in respect of their Consideration Shares as varied by the Share Reconstruction.

10. Dissenting Amati VCT 2 Shareholders

The Liquidators will offer to purchase the holdings of dissenting shareholders of Amati VCT 2 at the break value price, this being an estimate of the amount an Amati VCT 2 Shareholder would receive per Amati VCT 2 Share in an ordinary winding-up of Amati VCT 2 if all of the assets of Amati VCT 2 had to be realised. The break value is expected to be significantly less than the Amati VCT 2 Roll-Over Value.

11. Governing Law

The Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART IV - ADDITIONAL INFORMATION

1. Responsibility

The Directors and the Proposed Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed 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.

2. Share Capital

2.1 As at 26 September 2011 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

Issued and fully paid	
No. of Shares	£
39,531,121	£1,976,556

2.2 As at 26 September 2011 (being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor are there any outstanding warrants, nor did the Company hold any share capital in treasury.

3. Directors and Amati VCT 2 Directors and their Interests

3.1 As at 26 September 2011 (being the latest practicable date prior to publication of this document), the interests of the Directors (and their respective immediate families) in the issued share capital of the Company and Amati VCT 2 were as follows:

The Company

Directors	Number	Shares % of existing Share capital
Christopher Moorsom	65,741	0.17
James Hambro	31,926	0.08
Michael Killingley	40,725	0.10
David Page	38,309	0.10

Amati VCT 2 Directors	Number	Shares % of Share capital
Julian Avery (Chairman of Amati VCT 2)	nil	nil
Christopher Macdonald	nil	nil
James MacLeod	nil	nil
Richard Martin	nil	nil

AMATI VCT 2

Directors	Number	Amati VCT 2 Shares % of share capital
Christopher Moorsom	nil	nil
James Hambro	nil	nil
Michael Killingley	nil	nil
David Page	nil	nil

Amati VCT 2 Directors	Amati VCT 2 Shares	
	Number	% of Share capital
Julian Avery (Chairman of Amati VCT 2)	81,310	0.19
Christopher Macdonald	29,660	0.07
James MacLeod	27,825	0.06
Richard Martin	23,388	0.05

- 3.2 Each of the Directors has entered into a letter of appointment with the Company, a copy of which is available for inspection at the address set out in paragraph 7 of this Part IV below, for the provision of their services as directors for the fees disclosed in paragraph 3.3 below. These agreements entered into between the Company and James Hambro, Christopher Moorsom, David Page and Michael Killingley took effect from 29 February 2000, 13 June 2003, 1 August 2004 and 22 February 2006 respectively. They agreements are terminable by either party as prescribed by law and/or the Articles. There are no commission or profit sharing arrangements and no compensation is payable on termination of the agreements. No amounts have been put aside to provide pensions, retirement or similar benefits to any Directors. Save as disclosed in this paragraph, none of the Directors has entered into any service contract with the Company. The Proposed Directors will be appointed on the same terms as the existing Directors on annual fees as set out in paragraph 3.3 below.

- 3.3 The current annual remuneration of the Directors is as follows:

Director	Annual Fees
Christopher Moorsom	£18,000
James Hambro	£15,000
Michael Killingley	£15,000
David Page	£15,000

Fees paid to the Directors in respect of the year ended 31 January 2011 were £15,000 for each Director and £18,000 for the Chairman, Christopher Moorsom plus NIC/VAT (where applicable).

On the Scheme taking effect, the annual remuneration of the Directors and the Proposed Directors will be as follows:

Director/Proposed Director	Annual Fees
Julian Avery	£22,000
Christopher Moorsom	£15,000
James Hambro	£15,000
Michael Killingley	£17,500

In respect of the year ended 31 January 2012, it is estimated that aggregate fees payable to the Directors and Proposed Directors will be approximately £65,000.

- 3.4 No Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company or material to the Company, the Scheme or the Share Offers.

4. Substantial Shareholders

The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies who, as at the date of this document, is directly or indirectly interested in 3 per cent. or more of the issued share capital of the Company and is required to notify such interest in accordance with the Disclosure & Transparency Rules or who directly or indirectly controls the Company.

5. Material Contracts

5.1 The following, together with the non-executive director appointment letters referred to in paragraph 3.2 above, are (a) the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company within the two years preceding date of publication of this document and which are or may be material to the Company, and (b) the only contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company within the two preceding years and contain any provisions under which the Company has any obligation or entitlement which are material to the Company as at the date of this document:

5.1.1 A subscription share option agreement relating to ordinary shares dated 6 January 2006 between the Company and Singer & Friedlander Investment Management Limited ("SFIML") in accordance with the arrangements agreed on the merger of the Company with Singer & Friedlander AIM VCT and Singer & Friedlander AIM2 VCT. The agreement provides that if by the date of payment of the final dividend in respect of the shares for the Company's accounting year ending 31 January 2013, cumulative dividends declared and paid on each share (by reference to a record date after the merger) exceed a return of 8 per cent. (compounded annually) of the net asset value per share, SFIML will be entitled to subscribe at par for such number of additional Shares as shall in aggregate be equal to 15 per cent. of shares in the Company as enlarged by such subscriptions. If this target dividend rate is achieved by the payment of dividends in 2014 and 2015 SFIML will be entitled to subscribe for such number of additional shares as shall in aggregate be equal to 12.5 per cent. (2014) and 10 per cent. (2015) of shares in the Company as enlarged by such subscriptions.

The value of dividends paid since the merger is 6.5p per Share. In order to exceed the targeted return which triggers the entitlement of SFIML to subscribe for additional Shares, a further 40.7p of dividends would require payment by 31 January 2013. In the audited statutory accounts of the Company for the year ended 31 January 2011 the Directors stated that regardless of performance over this period, the Directors would not sanction this level of dividend within that period and, therefore, do not foresee any circumstances under which the option would crystallise.

5.1.2 An investment management and administration agreement (the "IMA") dated 19 March 2010 between the Company and the Manager whereby the Manager agreed to manage the investments and other assets of the Company on a discretionary basis subject to the overall policy of the Directors. The Company will pay to the Manager under the terms of the IMA a quarterly fee of 0.4375 per cent. of the net asset value of the Company in arrears (i.e. 1.75 per cent. annum).

The Manager will also be entitled to receive a performance related fee on the achievement of certain performance criteria. The performance fee is calculated at the end of each performance period (each being a period which corresponds to the Company's half yearly financial periods) and becomes payable upon publication of the results of the Company for that performance period. The current performance period commenced on 1 August 2011.

A formula is used in order to arrive at the amount of the total performance fee based on the Company's starting NAV as at 22 March 2010 (adjusted for the write-downs for unquoted holdings within three months of this date) of 42.83p per Share ("Starting NAV per Share"), the weighted average NAV per Share of any subsequent allotment of Shares (for instance, under any share offers or under a dividend reinvestment scheme), and the relevant performance hurdles. Returns are defined by comparing the Starting NAV per Share and the weighted average NAV per Share adjusted for prior dividends ("Returns"). At the date of this document there is only one pool and the formula allows for the creation of further pools, referred to as additional pools. The ordinary shares issued under any subsequent share offer (including the New Shares issued in respect of Merger, and each allotment of New Shares in respect of the proposed Share Offers and the Dividend Reinvestment Scheme) will each form separate pools for this purpose, based on a weighted average subscription price per New Share across the Share Offers as a whole, adjusted to deduct issue costs. The IMA will be amended by the Deed of Variation (see below) – so that the Consideration Shares to be issued pursuant to the Scheme will also be included as a separate pool.

The principle followed is that no performance fees are payable on the first 20 per cent. of Returns from the Starting NAV per share (which is 8.57p, so the minimum threshold for NAV plus dividends paid is 51.40p per share), and that the Returns from each pool are also subject to a hurdle rate test of 8 per cent. simple interest. In addition, fees are only paid where the Returns are sustained for at least six months. The fee itself is based on 20 per cent. of the Returns per Share in excess of the first 20 per cent. of Returns, multiplied by the number of Shares in pools which have passed the 8% hurdle rate, less any previous performance fees paid.

Under the terms of the IMA, the Manager has also agreed to provide certain company secretarial and administrative services to the Company. The Company agreed to pay to the Manager a fee of £65,000 (subject to an annual increase in line with the retail prices index) annually in arrears in respect of the provision of these services. The appointment of the Manager as investment manager and/or administrator and company secretary may be terminated on one year's notice.

- 5.1.3 Heads of terms were signed by the Company and Amati VCT 2 on 30 June 2011. The companies agreed that the transaction costs would be split equally by the companies. In the event of the Merger not proceeding, the company responsible for withdrawing from the process has agreed to pay its own abort costs and will pay a fee to the other party equal to the other party's abort costs provided that neither company shall be liable to pay abort costs of the other which exceeds the limit imposed by the Listing Rules. Failure of the shareholders of one of the companies to vote in favour of the merger will result in that company becoming liable for such abort costs. In the event that the Boards and the Amati VCT 2 Board mutually decide not to proceed, or the Merger does not proceed due to any other event outside the control of either company, then the abort costs, subject to the proviso above, will be split equally between the parties. With the exception of confidentiality obligations, no other terms in the heads of terms are legally binding on the parties.
- 5.1.4 A facilitation agreement dated 28 September 2011 between the Company, the Manager and the Sponsor in terms of which the Manager has agreed to use all reasonable endeavours to facilitate the subscription for Offer Shares under the Share Offers to raise up to £30 million on behalf of the Company, and for the allocation of £2 million of New Shares under the Dividend Reinvestment Scheme. The Company has agreed pursuant to the agreement that it will pay all costs of the Scheme and the Share Offers, including all advisers' fees and all initial commissions payable to financial intermediaries. The Manager has agreed to pay any trail commissions payable to financial intermediaries. The Manager will not receive a fee in relation to the Share Offers under the agreement. In addition, the Company has given the Manager and the Sponsor warranties in relation to the Company and the Prospectus, and has given the Manager and the Sponsor an indemnity in respect of any loss suffered in their respective roles in relation to the Share Offers or the Scheme (other than loss which arises as a result of their negligence, wilful default or their failure to comply with statutory requirements or their obligations under the agreement), all of which are customary provisions in an agreement of this nature. The facilitation agreement may be terminated by either the Company or the Manager upon the material breach by the other of any of the warranties, or the material breach of their obligations contained within the agreement.
- 5.1.5 A deed of variation to the IMA dated 28 September 2011 between the Company and the Manager to the effect that, on the Scheme taking effect, the IMA shall be varied (i) to change the performance incentive fee arrangements so that Consideration Shares will be treated as a separate "Pool" for the purposes of those arrangements, and (ii) so that the Manager will cap the annual running costs of the Company at 3.5 per cent. of the Company's net assets, with any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the Directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fees payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

- 5.2 The following contracts will be entered into subject, *inter alia*, to the approval by Shareholders of the resolutions to be proposed at the General Meeting and the Amati VCT 2 Meetings:
- 5.2.1 A transfer agreement between the Company and Amati VCT 2 (acting through the Liquidators) pursuant to which all of the assets and liabilities of Amati VCT 2 will be transferred to the Company (subject only to the consents required to transfer such assets and liabilities) in consideration for Consideration Shares in accordance with Part III of this document. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of Amati VCT 2 will be transferred on receipt to the Company as part of the Scheme.
- 5.2.2 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme.

6. Other

- 6.1 The Company was incorporated and registered in England and Wales on 10 January 2001 with limited liability as a public limited company under the Companies Act 1985 with the name Singer & Friedlander AIM 3 VCT plc and with registered number 04138683. The Company was renamed ViCTory VCT PLC on 16 June 2009.
- 6.2 Statutory accounts of the Company for the years ended 2009, 2010 and 2011 in respect of which the Company's auditors have made unqualified reports under the Companies Act 1985 and the Act, have been delivered to the Registrar of Companies. The statutory accounts for the years ended 31 January 2009 and 31 January 2010 were audited by PricewaterhouseCoopers LLP. The annual report for the Company for the year ended 31 January 2011 was audited by PKF (UK) LLP.
- 6.3 Dr Paul Jourdan and Douglas Lawson, as the principal fund managers responsible for the investment portfolio of each of the Company and Amati VCT 2, are individuals who are important to the business of the Company and Amati VCT 2. Details on these individuals are set out on page 32 of the Prospectus. Such information is being incorporated by reference into this Circular.
- 6.4 Save for the transactions described below in paragraphs 6.5 and 6.6 below, the Company has not entered into any related party transactions during the period covered by the financial information referred to in Paragraph 6.2 above of this document and up to the date of this document.
- 6.5 On 21 October 2008, Williams de Broë Limited acquired an economic interest in the business operations of Singer & Friedlander Investment Management Limited and the investment management staff of Singer & Friedlander Investment Management Limited transferred to the employment of Williams de Broë Limited. Williams de Broë Limited were appointed formally as investment manager of the Company on 28 April 2009. Williams de Broë Limited received an annual management fee of 1.5 per cent. of the net asset value of the Company.
- 6.6 As stated in the unaudited half-yearly accounts of the Company for the six months ended 31 July 2010, the Company held 342,080 shares (0.8 per cent.) in The Clapham House Group PLC of which Mr David Page was executive chairman. Mr David Page held at the time 1,192,491 shares (2.9 per cent.) in The Clapham House Group PLC in his own name and received a fee of £168,000 per annum. The Company disposed of the shares in October 2010.
- 6.7 Save for the movement of net asset value from 46.7p per Share as at 31 July 2011 (unaudited) to 41.78p per Share (unaudited) as at 22 September 2011 (an approximate 8.4 per cent. decrease after disregarding the decrease in NAV as a result of the payment of the 1p interim dividend to be paid on 18 October 2011), there has been no significant change in the financial or trading position of the Company since 31 July 2011, the date to which the last unaudited financial statements have been published, to the date of this document.
- 6.8 There are no Governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 6.9 The Company does not have any material shareholders with different voting rights.

7. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the registered office of the Company and at the offices of Howard Kennedy Corporate Services LLP, 19 Cavendish Square, London W1A 2AW:

- 7.1 the Memorandum and Articles of the Company, together with the proposed Articles;
- 7.2 the audited report and accounts of the Company for the three financial years ended 31 January 2009, 2010 and 2011, and the unaudited half-yearly accounts for the six months ended 31 July 2010 and 31 July 2011;
- 7.3 the audited report and accounts of Amati VCT 2 for the three financial years ended 31 May 2009, 2010 and 2011;
- 7.4 the material contracts referred to in paragraph 5.1 above;
- 7.5 a draft of the Transfer Agreement;
- 7.6 a copy of the contract for the off-market purchase of Deferred Shares (for the period of 15 days prior to the General Meeting and at the meeting itself);
- 7.7 the Amati VCT 2 Circular dated 28 September 2011;
- 7.8 the Prospectus issued by the Company on 28 September 2011; and
- 7.9 this document.

28 September 2011

PART V - DEFINITIONS

“Admission”	the dates on which (i) the Consideration Shares are allotted pursuant to the Scheme, (ii) the Offer Shares are allotted pursuant to the Share Offers, or (iii) New Shares are allotted pursuant to the DRIS (as applicable) are listed on the premium segment of the Official List of the UK Listing Authority
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Amati VCT”	Amati VCT plc, a public limited company registered in Scotland under number SC278722, and whose registered office is at c/o The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh, EH2 1DF
“Amati VCT 2”	Amati VCT 2 plc, a public limited liability company registered in England and Wales under number 05121438, whose registered office is at 27/28 Eastcastle Street, London, W1W 8DH
“Amati VCT 2 Board”	the board of directors of Amati VCT 2
“Amati VCT 2 Circular”	the circular to Amati VCT 2 Shareholders dated 28 September 2011
“Amati VCT 2 First General Meeting”	the first general meeting of Amati VCT 2 to be held on 31 October 2011 (or any adjournment thereof)
“Amati VCT 2 Meetings”	the Amati VCT 2 First General Meeting and the Amati VCT 2 Second General Meeting
“Amati VCT 2 Roll-Over Value”	the value of an Amati VCT 2 Share calculated in accordance with Part III of this document
“Amati VCT 2 Second General Meeting”	the second general meeting of Amati VCT 2 to be held on 8 November 2011 (or any adjournment thereof)
“Amati VCT 2 Shareholder”	a holder of Amati VCT 2 Shares
“Amati VCT 2 Shares”	ordinary shares of 10p each in the capital of Amati VCT 2
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“CA 2006” or “Act”	Companies Act 2006, as amended
“Calculation Date”	the date on which the Amati VCT 2 Roll-Over Value and the ViCTory Merger Value will be calculated, expected to be 7 November 2011
“Circular”	this document
“Company” or “ViCTory”	ViCTory VCT PLC, a public limited liability company registered in England and Wales under number 04138683, whose registered office is at 27/28 Eastcastle Street, London, W1W 8DH
“Consideration Shares”	the Shares to be issued by the Company to Amati VCT 2 Shareholders pursuant to the Scheme (and each a “Consideration Share”)
“Deed of Variation”	the deed of variation as described in paragraph 5.1.5 of Part IV of this document
“Deferred Shares”	the deferred shares of 5p each arising from the Share Reconstruction
“Disclosure Rules & Transparency Rules”	the disclosure rules and transparency rules of the FSA
“Dividend Reinvestment Scheme” or “DRIS”	the dividend reinvestment scheme proposed to be established with the terms and conditions set out in Annex 1 of this document

“Effective Date”	the date on which the Scheme will be completed, expected to be 8 November 2011
“Enhanced Share Buy Back and Reinvestment Facility”	the offers by Shareholders to sell Shares back to the Company at a 1 per cent. discount to the most recently published Net Asset Value per Share prior to the allotment, where Shareholders wish to use the proceeds from the sale to make a new subscription for Offer Shares, on which a rebate of 3 per cent. of the amounts subscribed will be given in the form of additional Offer Shares (with the number of Offer Shares being rounded down to the nearest whole number).
“Enlarged Company”	the Company, following implementation of the Scheme
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company convened for 31 October 2011 (or any adjournment thereof)
“HMRC”	Her Majesty’s Revenue & Customs
“Howard Kennedy Corporate Services LLP”	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the Financial Services Authority and is an FSA registered sponsor
“IA 1986”	Insolvency Act 1986, as amended
“IMA”	the investment management and administration agreement dated 19 March 2010 between the Company and the Manager
“ITA 2007”	Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Sarah Louise Burge of RSM Tenon Limited, Unit 1, Calder Close, Calder Pak, Wakefield WF4 3BA
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Manager” or “Amati Global Investors”	Amati Global Investors Limited, the investment manager to the Company, being a private limited company registered in Scotland under number SC199908 and whose registered office is at 76 George Street, Edinburgh, Midlothian, EH2 3BU
“Meetings”	the General Meeting and the Amati VCT 2 Meetings (and each a “Meeting”)
“Memorandum”	the memorandum of association of the Company
“Merger Ratio”	the Amati VCT 2 Roll-Over Value per Amati VCT 2 Share divided by the ViCTory Merger Value per Share
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Values”	the Amati VCT 2 Roll-Over Value and the ViCTory Merger Value
“NAV”	net asset value
“NAV Total Return”	the theoretical total return to shareholders of a VCT on a per share basis, reflecting the change in NAV per share assuming that net dividends paid to shareholders were reinvested in the VCT at the NAV prevailing on the ex-dividend date
“New Shares”	the Shares arising as a result of the Share Reconstruction and/or to be issued pursuant to the Scheme and/or the Share Offers and/or the Dividend Reinvestment Scheme (and each a “New Share”)
“Non-Qualifying Holding”	shares in, or securities held by a VCT in a company which is not a Qualifying Holding

“Non-Qualifying Investment”	means an investment which is not a Qualifying Investment
“Offer Shares”	the Shares to be issued by the Company pursuant to the Share Offers
“Official List”	the official list of the UKLA
“Performance Incentive Fees”	fees payable to the Investment Manager in the event that certain target returns are achieved, as further described in paragraph 5.1.2 of Part IV
“PLUS”	PLUS Markets plc, a recognised investment exchange
“Pricing Formula”	the most recently published Net Asset Value of a New Share prior to allotment (with an appropriate adjustment for any performance fee potentially payable based on the Net Asset Value at that date) divided by 0.95 to allow for issue costs of 5 per cent. calculated, in pence, rounded up to two decimal places
“Proposals”	the proposals to implement the Share Reconstruction and the Merger and pass the Resolutions
“Proposed Directors”	Julian Ralph Avery and Christopher Anthony James Macdonald
“Prospectus”	the prospectus issued by the Company dated 28 September 2011
“Prospectus Rules”	the prospectus rules of the FSA
“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Qualifying Holding”	shares in, or securities of a Qualifying Company held by a VCT which meets the requirements described in Chapter 4 of Part 6 of ITA
“Qualifying Investment”	an investment by a VCT in shares in, or securities of, a Qualifying Company
“quoted”	quoted on the London stock Exchange’s market for listed securities, AIM or PLUS Markets
“Record Date”	the record date with regard to which Amati VCT 2 Shareholders’ entitlements will be allocated pursuant to the Scheme, expected to be November 2011
“Resolutions”	the resolutions to be proposed at the General Meeting
“Scheme” or “Merger”	the proposed merger of the Company with Amati VCT 2 by means of placing Amati VCT 2 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Amati VCT 2’s assets and liabilities in consideration for Consideration Shares as set out in Part III of this document
“Share Offers”	the offers for subscription of Offer Shares in relation to the 2011/2012 and 2012/13 tax years on the terms described in the Prospectus
“Share Reconstruction”	the proposed reconstruction of the Shares set out on page 12
“Share Reconstruction Date”	the date and time at which the Share Reconstruction shall take effect, being <ul style="list-style-type: none"> (i) if the Scheme takes effect in accordance with the provisions set out in Part III of this document, after the close of business on the day on which the New Shares in connection with the Scheme are admitted to trading; or (ii) otherwise after close of business on the date of the Amati VCT 2 Second General Meeting (or such later date as the Directors may specify).
“Shareholders”	a holder of Shares (and each a “Shareholder”)

“Shares”	prior to the Share Reconstruction, ordinary shares of 5p each in the capital of the Company and, following the Share Reconstruction, the New Shares (and each a “Share”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreement”	the agreement between the Company and Amati VCT 2 (acting through the Liquidators) for the transfer of all of the assets and liabilities of Amati VCT 2 by the Liquidators to the Company pursuant to the Scheme
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“unquoted”	private or public companies not quoted on any market or exchange
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs and affecting the Company
“ViCTory Merger Value”	the value of a Share calculated in accordance with Part III of this document

ViCTory VCT PLC

(Registered in England and Wales with registered number 04138683)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of ViCTory VCT PLC (“**the Company**”) will be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October 2011 at 2.00 pm for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed as to Resolutions 1 to 4 as ordinary resolutions and as to Resolutions 5 to 12 (inclusive) as special resolutions:

Ordinary Resolutions

1. That, in substitution for existing authorities, the Directors be and hereby are authorised in accordance with Section 551 of the Companies Act 2006 (“CA 2006”) to exercise all of the powers of the Company to allot shares in the capital of the Company (the “Shares”) and to grant rights to subscribe for or to convert any security into Shares in the Company up to an aggregate nominal value of £6,000,000 in connection with the Scheme, the Share Offers and the DRIS (as such terms are defined in the circular issued by the Company dated 28 September 2011 (a copy of which was tabled at the meeting and initialled by the Chairman for the purposes of identification) (the “Circular”)), provided that the authority conferred by this Resolution 1 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.
2. That, in substitution for existing authorities but without prejudice to the authority conferred by Resolution 1 set out in this notice, the Directors be and hereby are authorised in accordance with Section 551 of CA 2006 to exercise all of the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Shares up to an aggregate nominal value representing no more than 10 per cent. of the aggregate nominal value of the Shares issued from time to time provided that the authority conferred by this Resolution 2 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require Shares to be allotted or rights to be granted to subscribe for or to convert any security into Shares in the Company after such expiry and notwithstanding such expiry the Directors may allot Shares or grant rights to subscribe for or to convert any security into Shares in pursuance of such offers or agreements).
3. That, conditional upon the passing of Resolutions 1, 7 and Resolution 11 set out in this Notice, pursuant to article 157 of the Company’s articles of association to be adopted pursuant to that Resolution 11, the Directors be authorised to offer holders of Shares in the Company the right to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part as may be determined by the Directors from time to time) of any dividend declared in the period commencing on the date of this Resolution 3 and ending on the fifth anniversary of this Resolution 3 pursuant to the Company’s dividend reinvestment scheme as set out in the Annex to the Circular;
4. That, the proposed amendments to the investment policy of the Company as set out in the Circular be and hereby are approved.

Special Resolutions

5. That, conditional upon the passing of Resolutions 1 and 7 set out in this Notice, the acquisition by the Company of the assets and liabilities of Amati VCT 2 on the terms set out in the Circular be and hereby is approved.
6. That conditional upon the passing of Resolution 11 set out in this Notice:
 - (i) on the Share Reconstruction Date, if the ViCTory Merger Value per Share as at the Calculation Date is less than 100 pence per Share, a number of Shares in issue as is represented by “DS” in the following formula (any fraction of a Deferred Share being rounded down) shall be redesignated as deferred shares of 5 pence each (“Deferred Shares”), such shares having the rights and restrictions set out in paragraph 6(iii) below:

where:

X = N/Y

$$Y = 100/Z$$

Z = the ViCTory Merger Value in pence per Share

and accordingly a *pro rata* number of Shares of each Shareholder shall redesignated (any fraction of a Deferred Share being rounded up) and such Deferred Shares so arising shall then be immediately repurchased by the Company as set out in paragraph (iv) below.

- (ii) the Deferred Shares shall:
 - (a) carry the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable in respect of Shares at the rate of 1p per annum in aggregate to be paid amongst the holders of Deferred Shares as a class but confer no other right to a dividend;
 - (b) not confer any right to receive notice of, or to attend or vote at general meetings;
 - (c) on a winding up confer a preferential right to be paid out of the assets of the Company available for distribution an amount equal to 1p for all Deferred Shares held prior to the surplus being distributed to the holders of Share capital, but do not confer any right to participate in any surplus assets of the Company; and
 - (d) be capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purposes the Directors may authorise any person to execute on behalf of and as attorney for the holders of Deferred Shares an appropriate contract and may deliver it or them on their behalf);
- (iii) following the passing of this Resolution 6 and Resolution 11 the articles of association be and are hereby amended so as to:
 - (a) incorporate in Article 2.1 of the Articles a definition of the Deferred Shares to read as follows:

“Deferred Shares”	deferred ordinary shares of 1 pence each in the capital of the Company”
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 - (b) insert the words “and Deferred Shares” at the end of Article 3.3.; and
 - (c) insert the paragraph 6(ii) above as Article 3.4;
- (iv) the Company, acting by its Directors, be and hereby is authorised to enter into a contract to purchase all the issued Deferred Shares for an aggregate amount of 1p in accordance with the Articles as amended pursuant to paragraph 6(iii) above (in the form of the contract tabled at the meeting and initialled by the Chairman for the purposes of identification and which as at the date of the meeting will have been on display at the Company’s registered office and available for inspection by members for not less than 15 days); and
- (v) the Company shall not be obliged to issue share certificates in respect of the Deferred Shares; give any prior notice to the holders of Deferred Shares that such shares are to be purchased in accordance with new Article 3.4(d); or account to any holder of Deferred Shares for the purchase monies in respect of such shares

and for the purposes of this resolution, words and expressions defined in the Circular shall have the same meanings in this resolution, save where the context requires otherwise.

7. That in substitution for existing authorities, the Directors be and hereby are empowered pursuant to Section 570(1) of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of CA 2006) for cash pursuant to the authority given in accordance with Section 551 of CA 2006 by Resolutions 1 and/or 2 as if Section 561(1) of CA 2006 did not apply to such allotments, provided that the power provided by this Resolution 7 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.

8. That, in substitution for existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 701 of CA 2006 of its own Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
- (i) the maximum aggregate number of Shares authorised to be purchased is such number thereof being 14.9 per cent. of the issued Shares from time to time;
 - (ii) the minimum price which may be paid per Share is its nominal value;
 - (iii) the maximum price which may be paid per Share is an amount equal to 105 per cent. of the average of the middle market quotation of such share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased;
 - (iv) the authority conferred by this Resolution 8 shall expire on the earlier of (i) the conclusion of the next annual general meeting of the Company and (ii) the expiry of eighteen months following the passing of this resolution unless such authority is renewed prior to such time; and
 - (v) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of such shares pursuant to any such contract or contracts.
9. That, the amount standing to the credit of the share premium account of the Company, at the date the order is made confirming such cancellation by the court, be and is hereby cancelled.
10. That, the amount standing to the credit of the capital redemption reserve of the Company at the date the order is made confirming such cancellation by the court, be and is hereby cancelled.
11. That, the articles of association produced to the meeting, and for the purposes of identification initialled by the Chairman, be adopted as the articles of association of the Company.
12. That, subject to the Scheme becoming effective, the name of the Company be changed to Amati VCT 2 plc.

Dated 28 September 2011

By order of the Board

The City Partnership (UK) Limited
Company Secretary

Registered Office:

27/28 Eastcastle Street
London
W1W 8DH

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A form of proxy which may be used is attached.
2. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.
3. To be valid, a form of proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be sent or delivered to The City Partnership (UK) Limited at c/o Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Surrey GU9 7LL or by fax to 01252 717232 or by scan and email to proxies@shareregistrars.uk.com to be received no later than 2.00 pm on 29 October 2011.
4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 2.00 pm on 27 October 2011 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register

after 2.00 pm on 27 October 2011 (or after 6.00pm on the day which is two working days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. 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 and at the place of the General Meeting for at least 15 minutes prior to and during the meeting.
6. As at 26 September 2011 (being the last Business Day prior to the date of this notice) the Company's issued share capital consisted of 39,531,121 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 26 September 2011 was 39,531,121.
7. CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting 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.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 7RA36) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp 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.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. The above statement as to proxy rights does not apply to a person who receives this notice of meeting as a person nominated to enjoy "information rights" under Section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person, the following statements apply: (a) you may have a right under an agreement between you and the member of the Company by whom you were nominated to be appointed or to have someone else appointed as a proxy for this general meeting; and (b) if you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to that member as to the exercise of voting rights.
12. A copy of this notice, and the other information required by Section 311A of the Companies Act 2006, can be found at www.amatiglobal.com/vict.php.
13. Any member attending the meeting has the right to ask questions.
14. You may not use any electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

ViCTory VCT PLC

Form of Proxy for the General Meeting on 31 October 2011

I/We

(block capitals please)

of

being a member of ViCTory VCT PLC, hereby appoint (see notes 1 and 2)

or failing him/her the chairman of the meeting to be my/our proxy and exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the General Meeting of the Company to be held at offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October 2011, notice of which was sent to shareholders in a circular dated 28 September 2011, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolutions	For	Against	Vote Withheld
1. Authority to allot Shares (Scheme, Share Offers and DRIS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Authority to allot Shares (extra 10 per cent.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Authority for allot Shares pursuant to the Company's dividend reinvestment scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of amendment to investment policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of acquisition of assets and liabilities of Amati VCT 2 pursuant to the Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of Share Reconstruction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of Shares other than <i>pro rata</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Buy Back Authorities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Cancellation of Share Premium Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Cancellation of Capital Redemption Reserve	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Adopt Revised Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Change of Name to "Amati VCT 2 plc"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate by placing an X in this box if this proxy appointment is one of multiple appointments being made (see note 2 below).

☐

Please refer to the notes overleaf

Signed:

Date:

2011

Attendance indication

Shareholders who intend to attend the General Meeting are requested to place a tick in the box below in order to assist with administrative arrangements.

I/we intend to attend the General Meeting at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October 2011 at 2.00 pm.

☐

Signed:

Date:

2011

ViCTory VCT PLC

NOTES RELATING TO FORM OF PROXY

1. Every member has the right to appoint some other person(s) of his/her choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the meeting. A member wishing to appoint a person other than the chairman of the meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialed.
2. A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact The City Partnership (UK) Limited on 0131 202 1895 for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which the proxy holder is authorised to act as your proxy. Please also indicate by placing an X in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
3. Use of the form of proxy does not preclude a member from attending and voting in person.
4. Where the form of proxy is executed by an individual it must be signed by that individual or his or her attorney.
5. Where the form of proxy is executed by joint shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
6. Where the form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
7. If the form of proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the meeting.
8. To be valid, the form of proxy, together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be sent or delivered to The City Partnership (UK) Limited at c/o Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to 01252 719232 or by scan and email to proxies@shareregistrars.uk.com to be received no later than 2.00 pm on 29 October 2011.
9. The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.

ANNEX - TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME

Please read these terms and conditions carefully and keep them in case you need to refer to them in the future.

This information should not be regarded as a recommendation to buy or hold Shares in the Company. The value of Shares and the income from them can fall as well as rise and you may not recover the amount of money you invest.

If you are in any doubt about what you should do, you should seek independent professional advice. If you have any questions about the Dividend Reinvestment Scheme, you can write to: DRIS Administration, The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.

1. In these DRIS Terms and Conditions, capitalised terms shall have, unless the context otherwise permits, the meanings set out in the “Definitions” section of the Prospectus.
2. The monies subscribed through the DRIS (being dividends paid on Shares held by, or on behalf of, Applicants participating in the DRIS) shall be invested in new Shares. The Scheme Administrator shall not have the discretion to vary such investments and Applicants may not instruct the Scheme Administrator to make any other investments. Applicants who are Shareholders may only join the DRIS in respect of the Shares of the Company if dividends on all the Shares registered in their name are mandated to the DRIS. The number of Shares held by any such Applicant which are mandated to the DRIS shall be altered immediately following any change to the number of Shares in respect of which such Shareholder is the registered holder as entered in the share register of the Company from time to time. Applicants who are not Shareholders may join the DRIS in respect of the number of Shares of the Company specified as “Nominee Shareholdings” and notified to the Scheme Administrator by the Applicant and the Shareholder in whose name the Shares are held. Any new Shares, which will be issued to the Applicant (and not the Shareholder in whose name the Shares mandated to the DRIS are held), will not be mandated to the DRIS unless a separate DRIS application form is completed in respect of them.
3. On or as soon as practicable after a Reinvestment Day, the funds subscribed through the DRIS on behalf of each Applicant shall be applied on behalf of that Applicant in the subscription for the maximum number of new Shares as can be acquired with those funds;
 - (a) The number of new Shares issued to an Applicant pursuant to condition 3 above shall be calculated by dividing the aggregate value of the dividends paid on the Shares to which that Applicant is entitled by the greatest of (i) the net asset value per share of the Company (as determined by the Manager), (ii) the nominal value per Share and (iii) the mid-price value per Share, each as at the close of business on the Business Day preceding the date of issue of such Shares;
 - (b) Any balance of cash remaining in the Offer Account after the subscription shall continue to be held in that account on behalf of the Applicant to whom it relates and added to the cash available in respect of that Applicant for the subscription of Shares on the next Reinvestment Day. No interest shall accrue or be payable in favour of any Applicant on any such cash balances; and
 - (c) The DRIS involves the reinvestment of the whole dividend paid on each holding each time a dividend is paid by the Company. Partial reinvestment of dividends is only permitted by nominees, who need to lodge an application for each Reinvestment Day. Shareholders will remain in the DRIS, so that all future dividends will be reinvested in the same way, until they give notice to the Scheme Administrator that they wish to terminate their participation in the DRIS, either in relation to a particular dividend, or all future dividends.
4. The Registrar shall immediately after the subscription of Shares in accordance with condition 3 hereof take all necessary steps to ensure that the Applicants are entered into the share register of the Company as the registered holders of the Shares issued to them in accordance with condition 3 above, and that share certificates in respect of such Shares are issued and delivered to the Applicants at their own risk, as soon as is reasonably practicable (unless such Shares are to be uncertificated). Shareholders (or such other person as aforesaid) will receive with their share certificates (if any) a statement detailing:
 - (a) the dividend available for reinvestment;
 - (b) the price per Share subscribed and the date of issue;
 - (c) the number of Shares issued and the total cost; and
 - (d) the cash to be carried forward for investment on the next Reinvestment Day.

5. Application to join the DRIS can be made at any time. However, to be reinvested, applications to join the DRIS need to have been received by the Scheme Administrator at least 15 days prior to a dividend being paid.
6. All costs and expenses incurred by the Scheme Administrator in administering the DRIS will be borne by the Company.
7. Each Applicant warrants to the Scheme Administrator that:
 - (a) during the continuance of his or her participation in the DRIS he or she will remain the sole beneficial owner of the Shares mandated to the DRIS free from encumbrances or security interests;
 - (b) all information set out in the DRIS application form is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator; and
 - (c) during the continuance of his or her participation in the DRIS he or she will comply with the provisions of condition 8 below.
8. The right to participate in the DRIS will not be available to any person who is a citizen, resident or national of, or has a registered address in, any jurisdiction outside the United Kingdom. It is the responsibility of any Applicant wishing to participate in the DRIS to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s). No such person receiving a copy of the DRIS documents may treat them as offering such a right unless an offer could properly be made without such compliance.
9. The Applicant acknowledges that neither the Scheme Administrator, the Company nor the Manager are providing a discretionary management service. The Scheme Administrator, the Company and/or the Manager shall not be responsible for any loss or damage suffered by any Applicant as a result of their participation in the DRIS unless due to the negligence or default of the Scheme Administrator, the Company or the Manager (respectively), or its or their servants or agents.
10. The Applicant may at any time by notice to the Scheme Administrator terminate his or her participation in the DRIS and withdraw any monies held in the offer account on his or her behalf in relation thereto. If an Applicant shall at any time cease to hold any Shares in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the DRIS. If such notice is served or deemed to have been served, the Scheme Administrator shall pay all of the monies held in the Offer Account on the Applicant's behalf to the Applicant at the address set out in the DRIS application form, subject to any deductions which the Scheme Administrator may be entitled or bound to make hereunder.
11. If an Applicant withdraws from the DRIS and a cash balance remains of less than £1 that balance will not be repaid, but will be donated to a recognised registered charity.
12. The Company and the Scheme Administrator shall be entitled, at any time and from time to time, to suspend the operation of the DRIS and/or to terminate the DRIS without notice to the Applicants and/or to refuse to reinvest dividends due on Shares held by a nominee. In the event of termination, the Scheme Administrator shall, subject to condition 11 above, pay to each Applicant all of the monies held in the Offer Account on his or her behalf.
13. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.
14. The Scheme Administrator shall be entitled to amend the DRIS Terms and Conditions on giving one month's notice in writing to all participating Applicants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Applicants unless in the Scheme Administrator's opinion the change materially affects the interests of Applicants. Amendments to the DRIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Applicants may be effected without notice.
15. By completing and delivering the DRIS application form, the Applicant:
 - (a) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and

- (b) declares that a loan has not been made to the Applicant or any associate of the Applicant which would not have been made, or would not have been made on the same terms, but for the Applicant offering to subscribe for, or acquiring, Shares and that the Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
16. Currently, subscriptions by individuals aged 18 or over for eligible shares in venture capital trusts only attract tax reliefs if in any tax year such subscriptions to all venture capital trusts by such individuals do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes). To qualify for relief, subscriptions must be made in the name of an individual and not through a nominee, although shares may subsequently be transferred into the name of a nominee. Applicants are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company can accept any liability in the event they do not receive any venture capital trust tax reliefs.
17. Since dividends on Shares acquired in excess of £200,000 per Applicant in any tax year will not be exempt from income tax in the same way as Shares acquired within this limit, the Applicant will generally be liable to tax on such dividends. Nevertheless the whole of such dividends shall be invested unless the Scheme Administrator is notified to the contrary in writing at least 15 Business Days before a Reinvestment Day.
18. The Company shall not be required to issue Shares hereunder if the Directors so decide.
19. These DRIS Terms and Conditions shall be governed by, and construed in accordance with, English Law and each Applicant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the DRIS in any other manner permitted by law or in any court of competent jurisdiction.
20. The Company shall not be required to admit new members to the DRIS in circumstances where the proposed level of dividends to be paid by the Company would require the issue of Shares under the DRIS in excess of the limit of the sterling equivalent of €5 million in any 12 month period other than the issue of Shares under a prospectus relating to the Company approved by the FSA in accordance with the Prospectus Rules.
21. All documents will be despatched at the Shareholders' own risk.

Shareholders in any doubt about their tax position should consult their independent professional adviser.

Additional Notes

The Scheme Administrator and its agents (including any broker) may effect transactions notwithstanding that they have a direct or indirect material interest or a relationship of any description with another party which may involve a conflict with its duty to DRIS participants under the DRIS.

The Scheme Administrator is authorised to disclose any information regarding Shareholders or their participation in the DRIS to any relevant authority, or as required by such authority, whether by compulsion of law or not. The Scheme Administrator shall not be liable for any disclosure made in good faith provided that the Scheme Administrator believes that such disclosure has been made in accordance with the foregoing requirements.

Each of the provisions of the DRIS shall be severable and distinct from one another and if one or more of such provisions is invalid or unenforceable the remaining provisions shall not in any way be affected.

The Scheme Administrator has procedures to help resolve all complaints from customers effectively. If an Applicant has any complaints about the service provided to him or her or wishes to receive a copy of the Scheme Administrator's complaints procedure please write to the Scheme Administrator at the address stated at the bottom of this Prospectus.

This service is a Company sponsored scheme which means that the Scheme Administrator charges the Company a fee which is representative to the costs of operating it. This arrangement means that DRIS participants are not charged an annual fee. If an Applicant would like more detail on this arrangement please write to the Scheme Administrator at the address below.

The Scheme Administrator will take reasonable care in operating the DRIS, and will be responsible to an Applicant for any losses or expenses (including loss of shares) suffered or incurred by him or her as a direct result of breach by the Scheme Administrator of these DRIS Terms and Conditions, negligence, wilful default

or fraud. The Scheme Administrator does not accept liability for any indirect or consequential loss suffered by an Applicant or for any loss which does not arise as a result of its breach of these DRIS Terms and Conditions, negligence, wilful default or fraud.

The Scheme Administrator shall not be responsible for delays or failure to perform any of its obligations due to acts beyond its control. Such acts shall include, but not be limited to, acts of God, strikes, lockout, riots, acts of war, terrorist acts, epidemics, governmental regulations superimposed after the fact, communication line failures, power failure, earthquakes or other disasters.

Any personal data obtained from an Applicant in providing this service will be held by the Scheme Administrator in accordance with the relevant legislation. The Scheme Administrator will only hold, use or otherwise process such personal data of an Applicant as is necessary to provide him or her with the service. The Applicant's details will only be disclosed in accordance with the principles set out in the Data Protection Act 1998:

- (i) to any person if that person has legal or regulatory powers over the Scheme Administrator;
- (ii) to any other person or body in order to facilitate the operation of the DRIS.

An Applicant has a right to request to view the personal data that the Scheme Administrator holds on him or her. The Scheme Administrator may charge an Applicant a small fee for providing him or her access to this information,

All communications between the Scheme Administrator and an Applicant will be conducted in the English language.

These DRIS Terms and Conditions are governed by and shall be construed in accordance with the laws of England and Wales.

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