

**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 Amati VCT 2 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.

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## **Amati VCT 2 plc**

(Registered in England and Wales with registered number 05121438)

### **Recommended proposal for a merger by way of a scheme of reconstruction of the Company and cancellation of the listing of the Company’s shares**

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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 two General Meetings to be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October and 8 November 2011 both commencing at 2.30 pm to approve the Resolutions to effect the Proposals.

To be valid, the forms of proxy attached to this document for the General Meetings should be returned not less than 48 hours before the relevant 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 issued by ViCTory VCT PLC on 28 September 2011 which accompanies this document for information purposes only, a copy of which can be accessed at: [www.amatiglobal.com/avct2.php](http://www.amatiglobal.com/avct2.php).**

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## EXPECTED TIMETABLES

### THE MERGER

#### EXPECTED TIMETABLE FOR THE COMPANY

Date from which it is advised that dealings in 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 First General Meeting	2.30 pm on 29 October 2011
First General Meeting	2.30 pm on 31 October 2011
Latest time for receipt of forms of proxy for the Second General Meeting	2.30 pm on 6 November 2011
Record Date for Shareholders' entitlements under the Scheme	7 November 2011
Register of Members closed	7 November 2011
Calculation Date	after 5.00 pm on 7 November 2011
Dealings in Shares suspended	7.30 am on 8 November 2011
Second General Meeting	2.30 pm on 8 November 2011
Effective Date for the transfer of the assets and liabilities of the Company to ViCTory	8 November 2011
Announcement of the results of the Scheme	8 November 2011
Cancellation of the listing of the Shares	8.00 am on 9 November 2011
<i>(Dates subject to variation if any General Meeting is adjourned)</i>	

#### EXPECTED TIMETABLE FOR VICTORY

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 the Company to ViCTory and the issue of Consideration Shares to Shareholders	8 November 2011
Announcement of the results of the Scheme	8 November 2011
Admission of and dealings in the New Shares 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 New 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>	

## THE SHARE OFFERS

### EXPECTED TIMETABLE FOR VICTORY

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 ViCTory Board (but not beyond 27 September 2012)	5.00 pm on 10 September 2012
Allotments of Offer Shares	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 discretion of the ViCTory Board and is expected to be made monthly, although there may be additional allotments (at the Manager's discretion).

## COMPANY INFORMATION

<b>Directors (all Non-Executive)</b>	Julian Ralph Avery (Chairman) Christopher Anthony James Macdonald James Summers MacLeod Richard MacIntyre Martin
<b>Company Secretary and Registrars</b>	The City Partnership (UK) Limited Thistle House, 21 Thistle Street Edinburgh EH2 1DF
<b>Principal Place of Business and Registered Office</b>	27/28 Eastcastle Street London W1W 8DH
<b>Email</b>	vct-enquiries@amatiglobal.com
<b>Telephone</b>	0131 2021895
<b>Website</b>	www.amatiglobal.com/avct2.php
<b>Company Number</b>	05121438
<b>Investment Manager and Administrator</b>	Amati Global Investors Limited 76 George Street Edinburgh Midlothian EH2 3BU
<b>Sponsor</b>	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW
<b>Solicitors</b>	Howard Kennedy LLP 19 Cavendish Square London W1A 2AW
<b>VCT Tax Advisers</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Independent Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Bankers</b>	The Bank of New York Mellon 160 Queen Victoria Street London EC4V 4LA

## PART I - RISK FACTORS

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

### Risks of the Scheme

- Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and ViCTory 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 ViCTory - 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 prospective shareholders of ViCTory may not get back the amount they invested.
- Although ViCTory 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 prospective shareholders of ViCTory 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 ViCTory should be considered as a long-term investment.
- The Company and ViCTory are reliant on certain members of the investment management team of the Manager.
- The past performance of the Company, ViCTory and/or any other fund managed by the Manager is no indication of future performance. The past performance of investments made by ViCTory or other funds managed by the Manager should not be regarded as an indication of the future performance of investments made by ViCTory. It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which ViCTory 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 ViCTory 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 ViCTory to achieve the intended level of investment in Qualifying Investments.
- Detailed information for determining the value of ViCTory'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. ViCTory 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 ViCTory's objectives will be met or that suitable investment opportunities will be identified.
- ViCTory's ability to make market purchases of ViCTory Shares each year will be limited by the liquidity of ViCTory, the rules of the UK Listing Authority, the Act and the VCT Rules.

### **VCT and Tax Related Risks**

- Although it is intended that ViCTory 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 ViCTory Shareholder will be taxed on dividends paid by ViCTory and, in addition, a liability to capital gains tax may arise on any subsequent disposal of New Shares. ViCTory 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 ViCTory dealings in ViCTory 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 ViCTory and/or the rates of tax may change during the life of ViCTory 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 ViCTory may have a certain level of gearing and, whilst the use of borrowings should enhance the net asset value of ViCTory Shares where the value of ViCTory'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 ViCTory's bankers may also have an adverse effect on ViCTory's ability to pay dividends to Shareholders.

### **Derivatives Related Risks**

- Subject to ViCTory Shareholders approving a change to the investment policy of ViCTory, 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 ViCTory'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 ViCTory'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 ViCTory's position being closed and any resulting losses would need to be funded.



## **PART II — LETTER FROM THE CHAIRMAN**

### **Amati VCT 2 plc**

(Registered in England and Wales with registered number 5121438)

#### **Directors**

Julian Avery (Chairman)  
Christopher Macdonald  
James MacLeod  
Richard Martin

#### **Registered Office:**

27/28 Eastcastle Street  
London  
W1W 8DH

28 September 2011

Dear Shareholder

#### **Recommended proposal for a merger by way of a scheme of reconstruction of the Company and cancellation of listing of the Company's Shares**

The Company and ViCTory 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.

The Board and the ViCTory 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 cost 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 the Company, whereby the Company is placed in members' voluntary liquidation and all its assets and liabilities are transferred to ViCTory in exchange for New Shares in ViCTory being issued directly to Shareholders, the number of such 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 ViCTory Board is also proposing to undertake the Share Offers to raise up to £30 million and to introduce an Enhanced Share Buy Back and Reinvestment Facility which will be available to Shareholders who receive New Shares pursuant to the Merger.

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

#### **Background**

Amati VCT 2 plc (previously called Invesco Perpetual AIM VCT plc) is a venture capital trust which was launched in 2004, with the intention of investing in VCT-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 22 September 2011 the Company had unaudited net assets of £11.6 million and its unaudited NAV per share was 26.76p. The investment portfolio as at the date of this document comprises 6 quoted, 46 AIM traded and 4 unquoted holdings. The Company has paid dividends totaling 30p per Share since its launch (including the interim dividend to be paid on 14 October 2011).

In late Summer 2010, Shareholders were invited to complete a short survey indicating their views on the future of the Company. Over 600 questionnaires were returned to the Company (representing more than 25 per cent. of the register with an overwhelming majority (in terms of both numbers of questionnaires and shares held)) indicating that Shareholders expected to vote in favour of the Company's continuation for another three years at the annual general meeting in 2011.

In response to this survey, the Directors have been investigating ways to provide Shareholders with an attractive means of continuation and this led to discussions on a possible merger with ViCTory. The Resolutions proposed

at the General Meetings will effect such a merger, and if passed, then (subject to the other conditions of the Scheme) the Company will go into liquidation and the Liquidators will have conduct of the Company from the date of the Second General Meeting. If the Resolution is not passed, then the continuation resolution which has been proposed to be put at the Annual General Meeting of the Company to be held on 30 November 2011 will still be proposed for that meeting.

### **Reasons for the Merger**

The Board and the ViCTory 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 focussed 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 Manager agreeing with the Enlarged Company that (if the Scheme takes effect) the annual running costs will be capped at 3.5 per cent. of the Enlarged 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 ViCTory Board to merge the companies on a basis reflecting their respective net assets and on the terms set out in Part III of this document.

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

### **ViCTory**

ViCTory is a venture capital trust which was originally launched in 2001 with the name Singer & Friedlander AIM 3 VCT plc. ViCTory invests mainly in a portfolio of companies whose shares are primarily traded on AIM, with its remaining assets invested in a portfolio of unquoted venture capital holdings and fixed-interest investments and bank deposits.

As at 22 September 2011 ViCTory had unaudited net assets of £16.5 million and its unaudited NAV per ViCTory Share was 41.78p. Its investment portfolio as at the date of this document comprises 5 quoted, 46 AIM traded and 7 unquoted holdings. ViCTory has paid dividends totaling 12.75p per ViCTory Share since its launch (including the interim dividend to be paid on 18 October 2011).

The current ViCTory Board 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 ViCTory Board, and Julian Avery and Chris Macdonald (existing directors of the Company) will join the ViCTory Board, with Julian Avery becoming Chairman of the Enlarged Company.

### **Proposed Investment Policy for ViCTory**

The ViCTory Board is seeking the authority of ViCTory Shareholders to amend its investment policy to allow the Manager to seek to reduce market risk in the ViCTory portfolio through the use of exchange traded derivative instruments. The resolution approving this amendment is a standalone resolution, so the implementation of the Scheme is not conditional on the amendment being approved and vice versa, and, therefore, the Scheme could proceed without the change to ViCTory's investment policy occurring.

If the amendment is approved by the ViCTory Shareholders at the ViCTory Meeting, the proposed investment policy of ViCTory will be as follows:

#### ***Investment Objective***

The Investment objectives of ViCTory 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 shares, ViCTory 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 ViCTory'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 ViCTory'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. ViCTory'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, ViCTory'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 ViCTory 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 ViCTory in shares or other securities in a company will not represent more than 15 per cent. by value of ViCTory'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 ViCTory'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 ViCTory 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 ViCTory's benchmark index, ensuring that the value is normally transparent, and enabling positions to be closed rapidly when needed.

### ***Borrowing Policy***

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

### ***Change in Investment Policy***

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

### ***Differences between the Investment Policies of ViCTory and the Company***

If the investment policy of ViCTory is amended (as described on page 11), the most significant difference between the investment policy of the Company and the proposed investment policy of ViCTory will be the ability of the Manager to use exchanged-traded derivatives with a view to reducing overall market risk in the portfolio as a whole.

### ***Dividend Policy***

It is the intention of the Board and the ViCTory Board that if the Merger proceeds then the Enlarged Company should target annual dividend payments totalling 5 to 6 per cent. of its year end NAV. However, no profit forecast is to be inferred or implied from this statement.

### ***Buy Back Policy***

The Board and the ViCTory Board wish to ensure that there is liquidity in the shares of the Enlarged Company. ViCTory has a stated policy of buying back ViCTory 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 Enlarged Company, market conditions at the time and the Enlarged 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 of the Enlarged Company.

### ***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 £465,000 for the next full financial year) and ViCTory (anticipated to be £537,000 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 anticipated cost of the Merger will be approximately £212,000 (including VAT), which will be split equally between the Company and ViCTory.

### ***Cancellation of Listing***

The Company will apply to the London Stock Exchange for the cancellation of listing of its Shares, upon the successful completion of the Scheme, expected to be on 9 November 2011.

## **Taxation**

The following paragraphs and Part V of this document apply to persons holding Shares as an investment in the Company (and subsequently New Shares in ViCTory) who are the absolute beneficial owners of such shares (or, as the case may be, New Shares) and are resident in the UK. They may not apply to certain classes of persons such as dealers in securities. The following information and that contained in Part V of this document is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. Any Shareholder in doubt about their position, or who might be subject to tax in a jurisdiction other than the UK, should consult their independent financial adviser.

As is more fully explained in Part V of this document, the receipt by Shareholders of Consideration Shares should not constitute a disposal of their Shares in the Company for UK capital gains tax purposes. Shareholders should, for UK tax purposes, effectively be able to treat the New Shares received pursuant to the Scheme as if they had been acquired at the date of and at the price of the original Shares in the Company. As ViCTory is also a VCT, the usual VCT tax reliefs should continue to apply.

Further details as to the taxation consequences of the Proposals for Shareholders are detailed in Part V of this document.

## **Details of the Scheme**

The Scheme provides for the Company to be placed into members' voluntary liquidation and for all of its assets and liabilities to be transferred to ViCTory in consideration for Consideration Shares being issued directly to Shareholders, such number of Consideration Shares being determined by reference to the adjusted relative net assets of the Company and ViCTory. Once the Scheme is effected the listing of the Shares will be cancelled and the Company wound up.

The Scheme is conditional upon the approval by Shareholders and ViCTory Shareholders of the 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 Shareholders will be calculated by multiplying the number of 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 *pro rata* to 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 each other. 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.

Shareholders who do not wish to participate in the Merger may dissent by giving written notice to the Liquidators, in which event their will be purchased for cash by the liquidators of the Company at the 'break value' which will be an estimate of the amount a Shareholder would receive in an ordinary winding-up of the Company 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 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 this are set out in paragraph 9 of Part III and paragraph 3 of Part V of this document.

## **Share Reconstruction**

As the launch of the Share Offers effectively marks a re-launch of ViCTory, the ViCTory Board is proposing to reconstruct the share capital of ViCTory to re-base the Net Asset Value of ViCTory Shares to approximately 100p per share. If the Merger is implemented, then the Share Reconstruction will be effected shortly after the Consideration Shares have been allotted by ViCTory to Shareholders.

The purpose of the Share Reconstruction is to make it easier for ViCTory Shareholders (and Shareholders if the Merger is implemented) to monitor the progress of ViCTory from that point on. The Share Reconstruction is described in further detail in Part IV of this document.

## **General Meetings**

Notices of the General Meetings are set out at the end of this document. The General Meetings will be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW as follows:

- the First General Meeting will be held at 2.30 pm on 31 October 2011; and
- the Second General Meeting will be held at 2.30 pm on 8 November 2011.

All resolutions will be proposed as special resolutions requiring the approval of at least 75 per cent. of the votes cast on that resolution at the meeting. For the Scheme to take effect, Shareholders will need to pass both of the resolutions proposed (and the other conditions stated in paragraph 7 of Part III of this document will need to be fulfilled or waived).

An explanation of the resolutions to be proposed at the General Meetings is set out below:

### **First General Meeting**

The resolution to be proposed at the First General Meeting will seek Shareholder approval under the IA 1986 for the Scheme and authorise its implementation by the Liquidators.

### **Second General Meeting**

The resolution to be proposed at the Second General Meeting will seek the following:

Paragraph 1.1 of the resolution will seek approval under the IA 1986 to put the Company into liquidation and appoint and remunerate the Liquidators for the purposes of such winding-up.

Paragraph 1.2 of the resolution will authorise the Liquidators to exercise certain powers for which the express sanction of Shareholders is required under the IA 1986, such as paying classes of creditors in full.

Paragraph 1.3 of the resolution will approve the cancellation of the listing of the Shares following the successful completion of the Scheme, as required by the Listing Rules.

Paragraph 1.4 of the resolution will approve, subject to the Scheme becoming effective, the change of name of the Company to "ViCTory VCT PLC".

### **Future Participation in the Share Offers and the Enhanced Buy Back and Re-investment Facility**

The Board and the ViCTory Board also believe that the Merger provides ViCTory with a suitable opportunity to undertake the Share Offers to raise up to £30 million. It is the intention of the ViCTory Board to introduce an Enhanced Share Buy Back and Re-investment Facility for shareholders holding New Shares who wish to use the proceeds from selling New Shares in the Enlarged Company to apply for Offer Shares under the Share Offers.

Further details of the Share Offers and the Enhanced Share Buy Back and Re-investment Facility are set out in Part VI of the ViCTory Prospectus.

Together with the Directors of ViCTory and several members of the investment management team named below, Julian Avery and Christopher Macdonald, both whom are being proposed as directors of the Enlarged Company, have committed themselves to invest in the Share Offers and to make applications under the Enhanced Share Buy Back and Reinvestment Facility for the reinvestment of their Amati VCT 2 Shares in the Share Offers, if the Merger takes effect:

	<b>Monies to be subscribed for Offer Shares under the Share Offers</b>	<b>Existing Shares to be included in the Enhanced Share Buy Back and Re-investment Facility</b>
<b>Directors (being Proposed Directors of the Enlarged Company)</b>		
Julian Avery	£40,000	81,310 Shares
Christopher Macdonald	£20,000	29,660 Shares
<b>ViCTory Directors</b>		
Christopher Moorsom	£10,000	-
Michael Killingley	£20,000	40,725 ViCTory Shares
<b>Investment Management Team</b>		
Paul Jourdan	£50,000	-
Douglas Lawson	£10,000	-

#### **Action to be taken**

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

Shareholders will find forms of proxy for the General Meetings attached at the end of this document. If you are a holder of Shares, you are asked to complete and return the forms of proxy relating to the General Meetings.

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

#### **Recommendation**

The Board believes that the Proposals are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions to be proposed at the General Meetings, as they intend to do in respect of their own holdings of 162,183 Shares representing approximately 0.37 per cent. of the issued share capital of the Company.

Yours faithfully

**JULIAN AVERY**  
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 the Company and will deliver to ViCTory:

- details of all the assets and liabilities of the Company;
- a list certified by the registrars of the names and addresses of, and the number of shares in the Company held by, each of the shareholders of the Company 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 ViCTory); and
- the amount estimated to be required to purchase the shareholdings of any dissenting 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 the Company to ViCTory in consideration of the issue of New Shares to the Shareholders on the basis set out below.

In further consideration of such transfer of all of the assets and liabilities of the Company to ViCTory, ViCTory 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 the Company and the purchase for cash of any holdings of dissenting 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:

#### The Company

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 the Company as at 31 May 2011, calculated in accordance with the Company's normal accounting policies (except that securities listed on AIM will be valued at their closing bid price less 3 (three) per cent);
- B = any increase/decrease in the valuations of: (i) investments held by the Company in quoted securities listed on a recognised stock exchange (including AIM and the PLUS market) by reference to their bid price (less 3 (three) per cent) as at the close of business from 31 May 2011 to the Record Date; (ii) unquoted investments held by the Company 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 the Company; and (iii) any investment held by the Company following an event in the period between 31 May 2011 and the Record Date, which, in the opinion



of the Board and the ViCTory 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 ViCTory Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Company 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 the Company);
- D = 50 (fifty) per cent. of the costs of the Scheme;
- E = the amount estimated to be required to purchase the holdings of Shares from dissenting Shareholders; and
- F = the number of Shares in issue following close of business on the Record Date (save for any Shares held by dissenting Shareholders).

### **ViCTory**

The ViCTory Merger Value will be calculated as follows:

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

where:

- G = the unaudited net asset value of ViCTory as at 31 July 2011, calculated in accordance with the ViCTory's normal accounting policies;
- H = any increase/decrease in the valuations of: (i) investments held by ViCTory 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 ViCTory 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 ViCTory; and (iii) any investment held by ViCTory following an event in the period between 31 July 2011 and the Record Date, which, in the opinion of the Board and the ViCTory 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 ViCTory Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of ViCTory 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 ViCTory);
- J = 50 (fifty) per cent. of the costs of the Scheme; and
- K = the number of ViCTory Shares in issue following close of business on the Record Date.

### **Consideration Shares**

The number of Consideration Shares to be issued to the Shareholders (save for any dissenting 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 Shares in issue as at close of business on the Record Date (save for any Shares held by dissenting Shareholders).

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

On the Share Reconstruction Date, ViCTory will reconstruct its share capital by the rateable redesignation of a proportion of the ViCTory Shares then in issue (including the Consideration Shares) as Deferred Shares. The Deferred Shares carry rights which render such shares economically worthless, and immediately after the Share Reconstruction ViCTory will repurchase the Deferred Shares for a nominal consideration of one pence in aggregate. The number of issued ViCTory 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 ViCTory Shares shall be 100 pence.

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 the Company will, unless the Company's Shareholders advise otherwise, be transferred to ViCTory.

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 existing ViCTory 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 ViCTory 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 ViCTory 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 ViCTory and the Company or the Board, the ViCTory Board (or any individual director of the Company and ViCTory), the registrar or the bankers of the Company and ViCTory 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 ViCTory Meeting;
- notice of dissent not having been received from shareholders of the Company holding more than 5 per cent. in nominal value of the issued capital of the Company under Section 111 IA 1986 (this condition may be waived by the board of the Company); and
- the passing of the Resolutions to be proposed at the General Meetings.

Subject to the above, the Scheme shall become effective immediately after the passing of the special resolutions for the winding up of the Company to be proposed at the Second General Meeting. If it becomes effective, the Scheme shall be binding on all 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. Consideration Share Certificates**

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

**9. Dissenting Shareholders**

Shareholders who do not wish to participate in the Merger may dissent by giving written notice to the Liquidators. The Liquidators will then offer to purchase the holdings of dissenting shareholders of the Company at the break value price, this being an estimate of the amount a shareholder of the Company would receive per Share in an ordinary winding-up of the Company if all of the assets of the Company had to be realised. The break value is expected to be significantly below the Amati VCT 2 Roll-Over Value.

**10. Governing Law**

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

## PART IV – VICTORY

### 1. Constitution and Status

ViCTory was incorporated and registered in England and Wales on 10 January 2001 as a public limited company under the Companies Act 1985.

ViCTory has met the requirement for VCTs pursuant to Chapter 3 of the Part 6 of ITA 2007 and intends to carry on its activities so as to continue qualifying as a VCT.

### 2. Directors

The current ViCTory Board comprises four non-executive directors: Christopher Moorsom (Chairman), James Hambro, Michael Killingley and David Page.

### 3. Investment Manager

Amati Global Investors (formerly Noble Fund Managers Limited) is an independent fund management business, and was appointed as investment manager to ViCTory 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. ViCTory'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 the staff of the Manager.

In addition to ViCTory and the Company, 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 re-invested 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.

### 4. Investment Objective and Policies

ViCTory's current investment policy is set out below:

#### ***Investment Objective***

The investment objectives of ViCTory 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 shares, ViCTory 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, ViCTory'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 ViCTory 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 ViCTory in shares or other securities in a company will not represent more than 15 per cent. by value of ViCTory'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 ViCTory's funds are invested in any one entity).

### ***Borrowing Policy***

ViCTory may, within the limits set out in its articles of association, utilise borrowings to provide flexibility in its investment and dividend policies. The articles allow ViCTory to borrow up to an amount equal to its adjusted capital and reserves (as defined in the articles). The ViCTory Board will restrict the borrowings of ViCTory to an amount which will not, without the previous sanction of an ordinary resolution of ViCTory, 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 ViCTory's investment policy are required to be approved by the shareholders of ViCTory.

### ***Proposed Changes to the Investment Policy***

The ViCTory Board proposes that the investment policy is amended to allow the Manager to seek to reduce market risk in the portfolio through the use of exchange traded derivative instruments. The proposed investment policy of the Enlarged Company is set out on page 11 of this document.

Approval of the shareholders of ViCTory is being sought in respect of this change in investment policy.

## 5. Share Reconstruction

The Board and the ViCTory Board consider that the launch of the Share Offers effectively marks a re-launch of ViCTory, 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 ViCTory Shareholders to monitor the progress of the Enlarged Company from this point. The ViCTory Board propose that the Share Reconstruction be implemented irrespective of whether the Scheme proceeds or not.

Accordingly, the ViCTory Board proposes to reconstruct the share capital of ViCTory following the implementation of the Scheme (or following the Second General Meeting of the Company if the Scheme is not approved at that meeting) so that immediately following the Share Reconstruction the NAV of each ViCTory 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 ViCTory 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 ViCTory Shares to be redesignated into Deferred Shares (having no economic value) will be calculated in accordance with the formula below:

$$\begin{aligned} \text{Deferred Shares} &= N - X \\ \text{where:} \\ N &= \text{the number of ViCTory Shares in issue at the relevant time on the Share Reconstruction Date} \\ X &= N/Y \\ Y &= 100/Z \\ Z &= \text{the ViCTory Merger Value in pence per ViCTory Share} \end{aligned}$$

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 ViCTory) with the ViCTory Merger Value being equal to the unaudited NAV per ViCTory Share as at that date (46.7p), the Share Reconstruction would be as follows:

$$\begin{aligned} \text{where:} \\ N &= 39,562,549 \text{ ViCTory Shares in issue on 31 July 2011} \\ X &= N/Y (39,562,549/2.141) = 18,475,710 \\ Y &= 100/Z (100/46.7) = 2.141 \\ Z &= 46.7 \\ \text{Deferred Shares} &= N - X (39,562,549 - 18,475,710) \\ &= 21,086,839 \end{aligned}$$

Revised net asset value per ViCTory 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 ViCTory), and will be capable of being repurchased by ViCTory at any time for an aggregate consideration of 1p.

The ViCTory Board proposes to seek shareholder authority for ViCTory to enter into an off-market contract to purchase all the issued Deferred Shares for an aggregate amount of 1p and cancelled as issued. ViCTory 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 buy back of ViCTory Shares and the payment of future dividends.

## **6. Investments and Net Asset Value**

As at 31 August 2011, ViCTory held investments in some 59 companies with an aggregate unaudited value of over £16.4 million and had unaudited net assets of £17.2 million.

## **7. Dividend Policy**

ViCTory's dividend policy is to maximise tax free dividend distributions, primarily from the successful cash realisation of investments and also partly from income. Since launch, ViCTory has paid dividends equivalent to 12.75p per ViCTory Share (including the interim dividend to be paid on 18 October 2011).

Following completion of the Scheme, it is the ViCTory Board's and the Board's intention that the Enlarged Company targets annual dividend payments totalling 5 to 6 per cent. of its audited year end NAV. However, no profit forecast is to be inferred or implied from this statement.

## **8. Buy Back Policy**

In addition to the Enhanced Share Buy Back and Reinvestment Facility (described on page 90 of the ViCTory Prospectus), ViCTory wishes to ensure that there is liquidity in ViCTory Shares. ViCTory has a stated policy of buying back ViCTory 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 Enlarged Company, market conditions at the time and ViCTory 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 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

## **9. Dividend Reinvestment Scheme**

ViCTory intends to create a dividend reinvestment scheme, enabling shareholders of the Enlarged Company to use all of their dividends to subscribe for further New Shares in a cost effective manner.

## **10. Annual Expenses and Management Fees and Proposed Cap on Annual Running Cost**

Under the investment management and administration agreement between the Manager and ViCTory dated 19 March 2010 (the "ViCTory IMA"), ViCTory has agreed to pay to the Manager a fixed management fee of 1.75 per cent. per annum of the net asset value of ViCTory, payable in arrears, together with a performance fee (further details of which are set out at paragraph 5.1.3 of Part IX of the ViCTory Prospectus). The appointment of the Manager as investment manager may be terminated on one year's notice following the first anniversary of the date of the ViCTory IMA.

The Manager has also agreed under the IMA to provide company secretarial and administration services for ViCTory. A fee of £65,000 per annum is payable by ViCTory 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 Group as administrator of ViCTory.

These investment management arrangements will be unchanged following completion of the Merger (with the exception of a technical amendment to the ViCTory 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 ViCTory IMA).

If the Scheme takes effect, ViCTory and the Manager have agreed to introduce a cap on the annual running costs of 3.5 per cent. of the Enlarged 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 Enlarged Company in the ordinary course of its business (but excluding any commissions paid by the Enlarged Company in relation to any offers for subscription, any performance fee payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

#### **11. Accounts and Auditors**

The accounting reference date of ViCTory is 31 January and annual accounts are usually dispatched in May each year with unaudited half yearly accounts for the six month period to 30 July usually being dispatched in September each year. The auditors of ViCTory are PKF (UK) LLP.

#### **12. Publication of Share Price**

The most recent share price of ViCTory is available on the website of the London Stock Exchange.

#### **13. Proposed Change of Name**

Conditional upon the Scheme becoming effective the ViCTory Board proposes that the name of ViCTory be changed to "Amati VCT 2 plc".

#### **14. Duration of ViCTory and Amendments to ViCTory's Articles of Association**

To allow the Share Offers to be made, it is proposed that the articles of association of ViCTory be amended so that the continuation resolution to be put to ViCTory Shareholders at the annual general meeting of ViCTory in 2013 is instead put to ViCTory Shareholders at the annual general meeting in 2018 (and at each annual general meeting of ViCTory at five year intervals thereafter). Other amendments to the articles are being made to facilitate the Share Reconstruction proposed to be made by ViCTory and to further update articles of association of ViCTory as a result of the implementation of the CA 2006 and other legislation.

#### **15. Taxation**

As a VCT, ViCTory is not subject to UK taxation on capital gains on the disposals of its investments. ViCTory will, however, be subject to UK taxation on income at the usual rates.

Qualifying Shareholders of ViCTory will not be liable to UK taxation on dividends paid on ViCTory Shares or capital gains on the disposals of such shares (although such disposal will trigger the payment of any capital gains tax deferred on subscription). Further details are set out in Part VII of the ViCTory Prospectus.

#### **16. The Share Offers**

The ViCTory Board believes that the Merger provides ViCTory with a suitable opportunity to undertake Share Offers to raise up to £30 million. It is the intention of ViCTory that the Share Offers incorporate an Enhanced Share Buy Back and Reinvestment Facility, which allows participating shareholders to sell their ViCTory Shares to ViCTory at a 1 per cent. discount to the most recently published Net Asset Value per ViCTory Share prior to 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.

Further details of this Enhanced Share Buy Back and Reinvestment Facility are set out on page 90 of the ViCTory Prospectus.



The net proceeds of the Share Offers will be invested in accordance with ViCTory's investment policy (whether or not its investment policy is amended in accordance with the proposals referred to in paragraph 4 of this Part IV above).

**17. Cancellation of the Share Premium Account arising on the issue of New Shares pursuant to the Scheme and the Share Offers**

Following completion of the Merger, ViCTory intends, subject to regulatory and Court approval, to cancel the share premium account arising on the issue of the New Shares issued 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 ViCTory's buy back of shares and the payment of dividends.

## PART V - TAXATION

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

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

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

### 1. The Company

The Company has obtained approval as a VCT under Chapter 3 of Part 6 of ITA 2007.

The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT for the period ending on the date on which the proposed liquidation is completed. Furthermore, the proposed method of winding up the Company is such that the benefit of VCT status should be available to the Liquidators, to the extent that the Liquidators effect disposals of chargeable assets for the purposes of UK taxation of capital gains to implement the Scheme.

### 2. Receipt by shareholders of Consideration Shares under the Scheme

The effective exchange of existing Shares for Consideration Shares should not constitute a disposal of such shares for the purposes of UK taxation. Instead, the new holding of Consideration Shares should be treated as having been acquired at the same time and at the same cost as the existing Shares from which they are derived.

For Shareholders holding (together with their associates) more than 5 per cent. of the shares in issue in the Company, application for clearance has been made to HMRC in terms of Section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5 per cent. of the Shares in issue should also apply to them.

Shareholders in ViCTory should be afforded the usual tax reliefs available to shareholders in VCTs. Qualifying Shareholders should continue to receive tax-free dividends and should not be subject to UK taxation on any capital gains on the disposal of Consideration Shares, except that any capital gains deferred on subscription will become liable to capital gains tax.

No UK stamp duty will be payable by Shareholders as a result of the implementation of the Scheme.

### 3. Dissenting Shareholders

Dissenting Shareholders whose holdings are purchased for cash at the break value price shall be treated as having disposed of their existing Shares in the Company. The Company should still be able to claim the benefit of VCT status and the dissenting Shareholder should not be subject to any UK taxation in respect of any capital gains arising on disposal. However, the purchase will constitute a disposal of the existing holding in the Company and a dissenting Shareholder will be liable to pay capital gains tax on any gain for which such dissenting Shareholder obtained deferral relief on initial subscription. If the dissenting Shareholder has disposed of Shares within the holding period required to retain upfront tax relief, income tax relief on such a subscription will also be repayable. As the Company should still be able to claim the benefit of VCT status whilst in liquidation under the Merger Regulations the dissenting Shareholder should not be subject to any UK taxation in respect of any capital gains arising from the disposal.

### 4. Clearances

Clearance has been obtained from HMRC in respect of the Scheme under Section 701 ITA 2007 and Section 138 TCGA 1992. With regard to the former, the receipt of Consideration Shares should not, except in the case of dealers, fall to be regarded as an income receipt for the purposes of UK taxation.

Clearance has been received from HMRC that the Scheme meets the requirements of the Merger Regulations and as such the receipt by Shareholders of Consideration Shares should not prejudice tax reliefs obtained by Shareholders on existing Shares in the Company and should not be regarded as a disposal.

## PART VI – ADDITIONAL INFORMATION

### 1. Responsibility

The Directors, whose names appear in paragraph 3.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Share Capital

- 2.1 As at 26 September 2011 (being the latest practicable date prior to the publication of this document), the issued and fully paid share capital of the Company was £4,352,617.10, comprising 43,526,171 Shares.
- 2.2 Since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued or is now proposed to be issued, for cash or any other consideration) and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital except as disclosed herein. The Company has no contingent liabilities.
- 2.3 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No material issue of Shares (other than in circumstances where such Shares are offered to Shareholders *pro rata* to their existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.

### 3. Directors and ViCTory Directors and their interests in the Company

- 3.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:
- 3.1.1 Julian Avery(Chairman);
- 3.1.2 Christopher Macdonald;
- 3.1.3 James MacLeod; and
- 3.1.4 Richard Martin
- all of 27/28 Eastcastle Street, London, W1W 8HD.
- 3.2 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 ViCTory were as follows:

#### The Company

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

ViCTory Directors	Number	Shares % of Share capital
Christopher Moorsom	nil	nil
James Hambro	nil	nil
Michael Killingley	nil	nil
David Page	nil	nil

## **ViCTory**

<b>Directors</b>	<b>ViCTory Shares</b>	
	<b>Number</b>	<b>% of share capital</b>
Julian Avery (Chairman)	nil	nil
Christopher Macdonald	nil	nil
James MacLeod	nil	nil
Richard Martin	nil	nil

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

- 3.3 None of the Directors has a service agreement with the Company, nor are any such contracts proposed. However, each Director was appointed under a letter of appointment, further details of which are set out in paragraph 5.1.2 of this Part VI below. Under the letters of appointment, the Directors are paid the following fees:

<b>Directors</b>	<b>Annual Fees</b>
Julian Avery (Chairman)	£22,000
Christopher Macdonald	£14,000
James MacLeod	£16,000
Richard Martin	£14,000

- 3.4 Fees paid to the Directors in respect of the year ended 31 May 2011 were £14,000 for each Director, £16,000, £16,000 for James MacLeod as chairman of the audit committee, and £18,000 for the Chairman, Julian Avery, plus NIC/VAT (where applicable).
- 3.5 Save as disclosed in paragraph 7.4 below, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 31 May 2009, 31 May 2010, 31 May 2011 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

## **4. Substantial Shareholders**

- 4.1 As at 26 September 2011 (being the latest practicable date prior to the publication of this document), the Company is not aware of any holdings of 3 per cent. or more of its issued share capital or of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

## **5. Material Contracts**

- 5.1 The following 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 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 8 of this Part VI below, for the provision of their services as directors for the fees disclosed in paragraph 3.3 of this Part VI above. These agreements were entered into on 25 February 2008 between the Company and each of the Directors. These 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 of the Directors. Save as disclosed in this paragraph, none of the Directors has entered into any service contract with the Company.

5.1.2 An investment management and administration agreement (the “IMA”) dated 11 February 2011 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.

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 June 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 9 February 2011 of 31.46p 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 re-investment 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 will each form separate pools for this purpose, based on a weighted average subscription price per Share across the share offers as a whole, adjusted to deduct issue costs.

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 6.29p, so the minimum threshold for NAV plus dividends paid is 37.75p 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 per cent. 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 may be terminated on one year’s notice following the first anniversary of the date of the IMA. The appointment of the Manager as company secretary may be terminated on one year’s notice at any time.

5.1.3 Heads of terms were signed by the Company and ViCTory 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 one of the company’s shareholders to vote in favour of the Merger will result in that company becoming liable for such abort costs. In the event that the Board and the ViCTory 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.

5.2 The following contracts will be entered into subject, *inter alia*, to the approval by Shareholders of the resolutions to be proposed at the Meetings:

5.2.1 A transfer agreement between the Company (acting through the Liquidators), the Liquidators and ViCTory pursuant to which all of the assets and liabilities of the Company will be transferred to ViCTory (subject only to the consent required to transfer such assets and liabilities) in consideration for Consideration Shares, as described in 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 the Company will be transferred on receipt to ViCTory as part of the Scheme.

5.2.2 A termination agreement dated 28 September 2011 between the Company (1) and the Manager (2) pursuant to which the IMA referred to in paragraph 5.1.2 above will be terminated from the Effective Date, conditional on the Scheme being implemented.

5.2.3 A termination agreement dated 28 September 2011 between the Company (1) and The City Partnership (UK) Limited (2) pursuant to which the appointment of The City Partnership (UK) Limited as registrar to the Company will be terminated from the Effective Date, conditional on the Scheme being implemented.

## 6. Overseas Shareholders

6.1 The issue of New Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such shareholders should inform themselves about and observe any legal requirements, in particular:

6.1.1 none of the New Shares has been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statutes and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia or Japan;

6.1.2 ViCTory is not registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and

6.1.3 No offer is being made, directly or indirectly, under the Scheme, in or into or by the use of mails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, or Japan.

6.2 It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## 7. General

7.1 The Company was incorporated and registered in England and Wales under the Companies Act 1985 as a public company with limited liability on 6 May 2004, with registered number 05121438. The principal legislation under which the Company operates is the Act (and regulations made thereunder) the legal and commercial name of the Company is Amati VCT 2 plc and the Company is domiciled in England.

7.2 The statutory accounts of the Company for the years ended 31 May 2009, 2010 and 2011 in respect of which the Company's auditors, Ernst and Young LLP, have made reports under the Act or the Companies Act 1985 have been delivered to the Registrar of Companies.

7.3 Save for arrangements with the Manager described in paragraph 5.1.2 above (and those with the

previous manager before the Manager – Invesco Asset Management Limited – which acted as manager, company secretary and administrator), the fees paid to the Directors as detailed in paragraph 3.3 above, the transactions referred to in paragraph 7.4 below, there were no related party transactions or fees paid during the years ended 31 May 2009, 2010 and 2011 by the Company or to date in the current financial year.

- 7.4 As stated in the statutory accounts of the Company, the Company holds 90,000 shares in the Brooks Macdonald Group, of which Christopher Macdonald is chief executive officer (who holds 1,003,308 shares in Brooks Macdonald Group in his own name).
- 7.5 Save for the movement of net asset value from 31.7p per Share as at 31 May 2011 (audited) to 26.76p per Share (unaudited) as at 22 September 2011 (an approximate 6 per cent. decrease after disregarding the decrease in NAV as a result of the payment of the 3p interim dividend to be paid on 14 October 2011), there has been no significant change in the financial or trading position of the Company to the date of this document since 31 May 2011 (the date to which the last audited net asset value of the Company has been published).
- 7.6 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.
- 7.7 The Liquidators have given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to them in the form and context in which they appear.
- 7.8 If the Scheme becomes effective in accordance with the expected timetables on page 3 it is anticipated that the listing of the Shares will be cancelled on 9 November 2011.
- 7.9 Consideration Shares issued to Shareholders under the Scheme will rank *pari passu* with the existing ordinary shares of ViCTory, will be issued in registered form and will be admitted for trading on the main market of the London Stock Exchange.

## **8. 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 offices of Howard Kennedy Corporate Services LLP at Harcourt House, 19 Cavendish Square, London W1A 2AW and also at the registered office of the Company:

- 8.1 the Memorandum and Articles of the Company;
- 8.2 the memorandum of association and articles of association of ViCTory, and the proposed articles of association of ViCTory;
- 8.3 the annual report and accounts of the Company for the financial years ended 31 May 2009, 2010 and 2011;
- 8.4 the annual report and accounts of ViCTory for 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;
- 8.5 the material contracts referred to in paragraph 5 above;
- 8.6 the consent referred to in paragraph 7.7 above;
- 8.7 the ViCTory Circular;
- 8.8 the ViCTory Prospectus; and
- 8.9 this document.

28 September 2011

## PART VII - DEFINITIONS

<b>“Admission”</b>	the date 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
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange
<b>“Amati VCT”</b>	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
<b>“Amati VCT 2 Roll-Over Value”</b>	the value of a Share calculated in accordance with Part III of this document
<b>“Articles”</b>	the articles of association of the Company, as amended from time to time
<b>“Board” or “Directors”</b>	the board of directors of the Company
<b>“Business Days”</b>	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
<b>“CA 2006” or “Act”</b>	Companies Act 2006, as amended
<b>“Calculation Date”</b>	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
<b>“Circular”</b>	this document
<b>“Company” or “Amati VCT 2”</b>	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
<b>“Consideration Shares”</b>	the Shares to be issued by ViCTory to Amati Shareholders pursuant to the Scheme (and each a <b>“Consideration Share”</b> )
<b>“Deferred Shares”</b>	the deferred shares of 5p each in ViCTory arising from the Share Reconstruction
<b>“Disclosure Rules &amp; Transparency Rules”</b>	the disclosure rules and transparency rules of the FSA
<b>“Effective Date”</b>	the date on which the Scheme will be completed, expected to be 8 November 2011
<b>“Enhanced Share Buy Back and Reinvestment Facility”</b>	the offers by shareholders of ViCTory to sell New Shares back to ViCTory at an approximate 1 per cent. discount to the most recently published Net Asset Value of a New Share issued prior to allotment, where such 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)
<b>“Enlarged Company”</b>	ViCTory, following implementation of the Scheme
<b>“First General Meeting”</b>	the first general meeting of the Company to be held on 31 October 2011 (or any adjournment thereof)



<b>“FSA”</b>	the Financial Services Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“General Meetings”</b>	the First General Meeting and the Second General Meeting
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“Howard Kennedy Corporate Services LLP”</b>	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the Financial Services Authority, is an FSA registered sponsor
<b>“IA 1986”</b>	Insolvency Act 1986, as amended
<b>“ITA 2007”</b>	Income Tax Act 2007, as amended
<b>“Liquidators”</b>	William Duncan and Sarah Louise Burge of RSM Tenon Limited, Unit 1, Calder Close, Calder Pak, Wakefield WF4 3BA
<b>“Listing Rules”</b>	the listing rules of the UKLA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Manager” or “Amati Global Investors”</b>	Amati Global Investors Limited, the investment manager to the Company and ViCTory, of 76 George Street, Edinburgh, Midlothian, EH2 3BU
<b>“Meetings”</b>	the General Meetings and the ViCTory Meeting (and each a <b>“Meeting”</b> )
<b>“Memorandum”</b>	the memorandum of association of the Company
<b>“Merger” or “Scheme”</b>	the proposed merger of the Company with ViCTory by means of placing the Company into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by ViCTory of all of the Company’s assets and liabilities in consideration for Consideration Shares as set out in Part III of this document
<b>“Merger Ratio”</b>	the Amati VCT 2 Roll-Over Value divided by the ViCTory Merger Value
<b>“Merger Regulations”</b>	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
<b>“Merger Values”</b>	the Amati VCT 2 Roll-Over Value and the ViCTory Merger Value
<b>“NAV”</b>	net asset value
<b>“NAV Total Return”</b>	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
<b>“New Shares”</b>	the ViCTory Shares arising as 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 <b>“New Share”</b> )
<b>“Offer Shares”</b>	the Shares to be issued by ViCTory pursuant to the Share Offers (and each an <b>“Offer Share”</b> )
<b>“Non-Qualifying Holding”</b>	shares in, or securities held by a VCT in a company which is not a Qualifying Holding

<b>“Non-Qualifying Investment”</b>	means an investment which is not a Qualifying Investment
<b>“Official List”</b>	the official list of the UKLA
<b>“Performance Incentive Fees”</b>	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 VI
<b>“PLUS”</b>	PLUS Markets plc, a recognised investment exchange
<b>“Proposals”</b>	the proposals to implement the Merger by way of the Scheme as described in this document
<b>“Prospectus Rules”</b>	the prospectus rules of the FSA
<b>“Qualifying Company”</b>	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
<b>“Qualifying Holding”</b>	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
<b>“quoted”</b>	quoted on the London stock Exchange’s market for listed securities, AIM or PLUS Markets
<b>“Record Date”</b>	the record date for Shareholders’ entitlements under the Scheme, expected to be 7 November 2011
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meetings
<b>“Second General Meeting”</b>	the second general meeting of the Company expected to be held on 8 November 2011 (or any adjournment thereof)
<b>“Share Offers”</b>	the offers for subscription of Offer Shares in relation to the 2011/2012 and 2012/13 tax years on the terms described in the ViCTory Prospectus
<b>“Share Reconstruction”</b>	the proposed reconstruction of the ViCTory Shares referred to on page 22
<b>“Share Reconstruction Date”</b>	the date and time at which the Share Reconstruction shall take effect, being <ul style="list-style-type: none"> <li>(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</li> <li>(ii) otherwise after close of business on the date of the Second General Meeting (or such later date as the directors of ViCTory may specify).</li> </ul>
<b>“Shares”</b>	ordinary shares of 10p each in the capital of the Company (and each a <b>“Share”</b> )
<b>“Shareholder”</b>	a holder of Shares
<b>“TCGA 1992”</b>	Taxation of Chargeable Gains Act 1992, as amended
<b>“Transfer Agreement”</b>	the agreement between the Company (acting through the Liquidators) and ViCTory for the transfer of all of the assets and liabilities of the Company by the Liquidators to ViCTory pursuant to the Scheme

<b>“UK”</b>	the United Kingdom
<b>“UKLA” or “UK Listing Authority”</b>	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 Financial Services and Market Act 2000
<b>“unquoted”</b>	private or public companies not quoted on any market or exchange
<b>“VCT” or “venture capital trust”</b>	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
<b>“ViCTory”</b>	ViCTory VCT PLC, a public limited company registered in England and Wales under number 04138683, whose registered office is at 27/28 Eastcastle, Street, London W1W 8DH
<b>“ViCTory Board”</b>	the board of directors of ViCTory
<b>“ViCTory Circular”</b>	the circular issued by ViCTory on 28 September 2011
<b>“ViCTory Meeting”</b>	the general meeting of ViCTory convened for 31 October 2011 (or any adjournment thereof)
<b>“ViCTory Merger Value”</b>	the value of a ViCTory Share calculated in accordance with Part III of this document
<b>“ViCTory Prospectus”</b>	the prospectus issued by ViCTory on 28 September 2011
<b>“ViCTory Shareholder”</b>	a holder of a ViCTory Share
<b>“ViCTory Shares”</b>	ordinary shares of 5p each in the capital of ViCTory (and each a “ViCTory Share”)

## **Amati VCT 2 plc**

(Registered in England and Wales with registered number 05121438)

### **NOTICE OF FIRST GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a general meeting of Amati VCT 2 plc ("the Company") will be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 31 October 2011 at 2.30 pm for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

#### **Special Resolution**

That, subject to the conditions (other than the passing of this resolution) set out in paragraph 7 of Part III of the circular to the shareholders of the Company dated 28 September 2011 (a copy of which is produced to the meeting and initialed for the purpose of identification by the chairman of the meeting (the "Circular")) having been fulfilled and notwithstanding anything in the articles of association of the Company to the contrary, the Scheme, as defined and set out in Part III of the Circular, be and hereby is approved and the Directors and William Duncan and Sarah Louise Burge of RSM Tenon Limited (the "Liquidators") be and they are hereby authorised (insofar as they are not already authorised by the articles of association of the Company) to implement the Scheme and to execute any document and do any act or thing for the purpose of carrying the Scheme into effect and, in particular (but without prejudice to the foregoing generality):

- (a) the Company (acting by the Liquidators) be and hereby is authorised and directed to enter into, and the Liquidators be and they are hereby authorised and directed, pursuant to section 110 of the Insolvency Act 1986, to give effect to, a transfer agreement in the form of the draft which is produced to the meeting and signed for the purpose of identification by the chairman of the meeting with such non-material modifications thereto as the parties to such agreement may agree (the "Transfer Agreement"); and
- (b) the Liquidators be and they hereby are authorised and directed to request ViCTory VCT PLC ("ViCTory") to arrange for the creation and issue of New Shares on the basis described in the Transfer Agreement for distribution among the holders of the Shares by way of satisfaction and discharge of their respective interests in so much of all of the assets and liabilities of the Company as shall be transferred to ViCTory in accordance therewith and with the Scheme

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.

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 Yark, Farnham, Surrey GU9 7LL to be received no later than 2.30 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 2.30 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 2.30 pm on 27 October 2011 (or after 2.30 pm 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. 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 43,526,171 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 26 September 2011 was 43,526,171.
6. 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](http://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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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/avct2.php](http://www.amatiglobal.com/avct2.php).
12. Any member attending the meeting has the right to ask questions.
13. 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.

# Amati VCT 2 plc

(Registered in England and Wales with registered number 05121438)

## NOTICE OF SECOND GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Amati VCT 2 plc ("the Company") will be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 8 November 2011 at 2.30 pm for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

### Special Resolution

That:

- 1.1 subject to the conditions (other than the passing of this resolution) set out in paragraph 7 of Part III of the circular to shareholders of the Company dated 28 September 2011 (a copy of which is produced to the meeting and initialed for the purpose of identification by the chairman of the meeting (the "Circular")) having been fulfilled, in each case prior to the passing of this resolution;
  - (a) the Company be wound up voluntarily under the provisions of the Insolvency Act 1986 and William Duncan and Sarah Louise Burge of RSM Tenon Limited ("the Liquidators") be and they are hereby appointed liquidators for the purposes of such winding-up and any power conferred on them by law or by this resolution may be exercised, and any act required or authorised under any enactment to be done by them may be done, by them jointly or by each of them alone; and
  - (b) the Liquidators be remunerated on a time costs basis as agreed with the board of directors from time to time plus VAT, disbursements and expenses;
- 1.2 the Liquidators of the Company appointed pursuant to paragraph 1.1 set out in this notice be and hereby are authorised under Section 165 of the Insolvency Act 1986 to exercise the powers specified in Part I of Schedule 4 of the Insolvency Act 1986;
- 1.3 the cancellation of the listing of the Shares on the Official List following the implementation of the Scheme (as defined in the Circular) be and hereby is approved; and
- 1.4 that subject to the Scheme becoming effective, the name of the Company be changed to "ViCTory VCT PLC."

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.

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, Farnham, Surrey GU9 7LL, to be received no later than 2.30 pm on 6 November 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 2.30 pm on 4 November 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 2.30 pm on 4 November 2011 (or after 2.30 pm 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. 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 43,526,171 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 26 September 2011 was 43,526,171.
6. 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](http://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.
7. 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 (ID7RA36) 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.
8. 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.
9. 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.
10. 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.
11. 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/avct2.php](http://www.amatiglobal.com/avct2.php).
12. Any member attending the meeting has the right to ask questions.
13. 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.





# AMATI VCT 2 PLC

## FORM OF PROXY – FIRST GENERAL MEETING

I/We

(block capitals please)

of

being a member of Amati VCT 2 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 the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW at 2.30 pm 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:

### Resolution

	For	Against	Vote Withheld
Approval of the Scheme and authorise its implementation by the Liquidators	<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 2.30 pm, notice of which was sent to shareholders in a circular dated 28 September 2011

☐

Signed:

Date:

2011

## **AMATI VCT 2 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](mailto:proxies@shareregistrars.uk.com) to be received no later than 2.30 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.

# AMATI VCT 2 plc

## FORM OF PROXY – SECOND GENERAL MEETING

I/We

(block capitals please)

of

being a member of Amati VCT 2 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 the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW at 2.30 pm on 8 November 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:

### Resolution

For

Against

Vote Withheld

Composite resolution for the approval to put the Company into liquidation, appointment and remuneration of the Liquidators for the purposes of such winding up, authorization for the Liquidators to exercise certain powers for which the express sanction of shareholders is required under the Insolvency Act 1986; approval of the cancellation of the Company's listing following the successful completion of the Scheme, and subject to the Scheme becoming effective, the name of the Company be changed to "ViCTory VCT PLC".

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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 8 November 2011 at 2.30 pm, notice of which was sent to shareholders in a circular dated 28 September 2011

☐

Signed:

Date:

2011

## **AMATI VCT 2 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](mailto:proxies@shareregistrars.uk.com) to be received no later than 2.30 pm on 6 November 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.