

Amati VCT plc and Amati VCT 2 plc

PROSPECTUS

Offer for Subscription of New Ordinary Shares in Amati VCT plc to raise up to £10,000,000 and to raise up to a further £2,000,000 to be allocated to the Dividend Re-Investment Scheme

and

Offer for Subscription of New Ordinary Shares in Amati VCT 2 plc to raise up to £10,000,000 (with an over-allotment option of £10,000,000) and to raise up to a further £4,000,000 to be allocated to the Dividend Re-Investment Scheme

Issue of up to 55,000,000 Consideration Shares in relation to a Potential Merger of Amati VCT plc and Amati VCT 2 plc



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS DOCUMENT OR WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR OR ACCOUNTANT OR INDEPENDENT FINANCIAL INTERMEDIARY AUTHORISED UNDER FSMA.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Shares in Amati VCT plc or Amati VCT 2 plc, please forward this document, together with the accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or otherwise transfer or have sold or otherwise transferred part only of your holding of Amati VCT plc or Amati VCT 2 plc Shares, please retain this document and the accompanying documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

This document which constitutes a prospectus relating to Amati VCT plc and Amati VCT 2 plc has been prepared in accordance with the Listing Rules and the Prospectus Rules made under section 84 of FSMA and has been filed with the FCA in accordance with rule 3.2 of the Prospectus Rules. In subscribing for New Ordinary Shares you will be treated as subscribing solely on the basis of the Prospectus.

Copies of the Prospectus can be obtained from Amati's website at <http://www.amatiglobal.com> or by contacting Amati Global Investors on 0131 503 9115 or by email at info@amatiglobal.com.

Amati VCT plc

(Incorporated in Scotland under the Companies Act 1985 with Registered Number SC278722)

and

Amati VCT 2 plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 04138683)

**Offers for Subscription of New Ordinary Shares to raise up to £10,000,000 each
(with an over-allotment option for Amati VCT 2 plc only of a further £10,000,000)**

and

**to raise up to a further £2,000,000 and £4,000,000 for Amati VCT plc and Amati VCT 2 plc
respectively to be allocated to the Dividend Re-Investment Schemes**

**Issue of up to 55,000,000 Consideration Shares in relation to a potential merger of
Amati VCT plc and Amati VCT 2 plc**

The Directors of Amati VCT plc and Amati VCT 2 plc, whose names appear under the heading "Directors, Manager and Advisers" on pages 91 and 92 of this document, and Amati VCT plc and Amati VCT 2 plc, each accept responsibility for the information contained in the Prospectus in relation to Amati VCT plc and Amati VCT 2 plc. The Directors of Amati VCT plc and Amati VCT 2 plc, and Amati VCT plc and Amati VCT 2 plc, declare, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus in relation to Amati VCT plc and Amati VCT 2 plc, to the best of their knowledge, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The minimum subscription in relation to each of the Offers in each tax year is £4,000, or £5,000 (a minimum of £2,500 in each of the Offers) in relation to subscriptions to both Offers simultaneously, and thereafter in multiples of £500. A Subscription Form and the procedure for completion of the Subscription Form are set out at the end of this document and the terms and conditions of subscription are set out in Part VIII of this document.

Persons receiving this document should note that SPARK Advisory Partners Limited is acting for the Companies and no one else in connection with the Offers and the Dividend Re-Investment Schemes and will not be responsible (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) to any other person for providing the protections afforded to customers of SPARK Advisory Partners Limited or for providing advice in connection with the Offers or the Dividend Re-Investment Schemes. SPARK Advisory Partners Limited is authorised and regulated by the FCA.

Applications will be made to the UK Listing Authority for the New Ordinary Shares to be issued pursuant to the Offers and the Dividend Re-Investment Schemes to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that such admission will become effective and that dealings in the New Ordinary Shares will commence no later than ten business days following allotment. The first allotment related to the 2017/18 Offers is expected on or before 20 November 2017.

Your attention is drawn to pages 15 to 18 of this document which set out the risk factors associated with an investment in the Companies. None of the Ordinary Shares or New Ordinary Shares have been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, or under the securities laws of Canada, Australia, South Africa or Japan and they may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, South Africa or Japan or to or for the account or benefit of US Persons or any national, citizen or resident of the United States, Canada, Australia, South Africa or Japan. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E. This summary contains all of the Elements required to be included in a summary for these types of securities and issuers. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this summary because of the type of securities and issuers, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary, together with the mention of ‘Not applicable’ statement.

A		Introduction and Warnings
A1	Introduction	This summary should be read as an introduction to the prospectus (the “ Prospectus ”). Any decision to invest in the securities of the Companies should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Consent for the use of the Prospectus by intermediaries	Each Company and their respective Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of Shares by financial intermediaries. The offer period within which subsequent resale or final placement of Shares by financial intermediaries can be made and for which consent to use the Prospectus is given is from the date of the Prospectus until 31 August 2018, unless previously extended by the Directors to a date not later than 26 October 2018. There are no conditions attaching to this consent. The Prospectus can only be used within the United Kingdom. In the event of an offer being made by a financial intermediary, any financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and the terms and conditions of the offer at the time they introduce the Offer to investors.
B		Issuers
B1	Legal and commercial name	Amati VCT plc and Amati VCT 2 plc (the “ Companies ” and each a “ Company ”).
B2	Domicile / Legal form Legislation /Country of incorporation	Amati VCT was incorporated and registered in Scotland on 21 January 2005 with limited liability as a public limited company under the Companies Act 1985 with registered number SC278722. Amati VCT 2 was incorporated and registered in England and Wales on 10 January 2001 with limited liability as a public limited company under Companies Act 1985 with registered number 04138683. The principal legislation under which each Company operates is the Companies Act 2006 (and regulations made thereunder) (the “ 2006 Act ”).
B3	Key factors relating to, the nature of the issuer's current operations/ principal activities	Not applicable – the Companies are investment companies not trading companies.
B4a	Significant recent trends affecting the issuer	Not applicable.
B5	Group description	Not applicable. Neither Company is part of a group.

B6	Interests in shares / voting rights / controllers	Except as set out below, neither Company is aware of any person who, directly or indirectly, has or will have an interest in its share capital or voting rights which is notifiable under UK law (under which, pursuant to the 2006 Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more is required to be notified to it). All Shareholders have the same voting rights in respect of the existing share capital of each Company. Neither Company is aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. Amati VCT plc <table><thead><tr><th>Name</th><th>Number of Ordinary Shares at the date of this document</th><th>% of issued share capital</th></tr></thead><tbody><tr><td>Hargreaves Lansdown (Nominees) Limited</td><td>3,081,464</td><td>5.11</td></tr></tbody></table> Amati VCT 2 plc <table><thead><tr><th>Name</th><th>Number of Ordinary Shares at the date of this document</th><th>% of issued share capital</th></tr></thead><tbody><tr><td>Hargreaves Lansdown (Nominees) Limited</td><td>1,177,074</td><td>3.88</td></tr></tbody></table>	Name	Number of Ordinary Shares at the date of this document	% of issued share capital	Hargreaves Lansdown (Nominees) Limited	3,081,464	5.11	Name	Number of Ordinary Shares at the date of this document	% of issued share capital	Hargreaves Lansdown (Nominees) Limited	1,177,074	3.88																														
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Hargreaves Lansdown (Nominees) Limited	1,177,074	3.88																																										
B7	Selected financial information and statement of any significant changes	Amati VCT was launched in 2005, originally called the First State Investments AIM VCT plc. In 2007, when Dr Paul Jourdan moved from First State Investments to Noble Group, the VCT moved as well, becoming Noble AIM VCT plc. In October 2008, Noble AIM VCT plc acquired Noble Income and Growth VCT PLC via a scheme of arrangement. In 2010, when Amati Global Investors Limited was formed by Dr Paul Jourdan and Douglas Lawson, through the acquisition of Noble Fund Managers Limited, the VCT was renamed Amati VCT plc. Amati VCT 2 incorporates shareholders from the three Singer & Friedlander AIM VCTs which were launched between 1998 and 2001, and from Invesco Perpetual AiM VCT plc which was launched in 2004. Amati Global Investors took over the management of ViCTory VCT PLC on 22 March 2010. ViCTory VCT PLC was originally called Singer & Friedlander AIM VCT 3 Plc, and had changed its name when it merged with Singer & Friedlander AIM VCT Plc and Singer & Friedlander AIM VCT 2 Plc in June 2009. Amati Global Investors took over the management of Invesco Perpetual AiM VCT plc on 11 February 2011, and shortly afterwards it was renamed Amati VCT 2 Plc. On 9 November 2011 (the “relaunch” date) ViCTory VCT PLC and Amati VCT 2 Plc undertook a merger through a scheme of reconstruction, and a share consolidation, designed to mark a relaunch of the merged VCTs and the point at which the Manager felt confident that the portfolio rebalancing had been appropriately completed. The combined entity was renamed Amati VCT 2 plc. On 6 February 2013 the Companies published a joint prospectus in connection with which Amati VCT issued a further 6,746,576 Ordinary Shares and Amati VCT 2 issued a further 2,171,455 Ordinary Shares. Since 31 August 2017 Amati VCT has issued no further Ordinary Shares and bought back 307,000 Ordinary Shares as at the date of this document. Since 31 July 2017 Amati VCT 2 has issued no further Ordinary Shares and bought back 235,187 Ordinary Shares as at the date of this document. Certain selected historical information of each Company, which has been extracted without material adjustment from the audited and unaudited financial statements referenced in the following tables, is set out below: Amati VCT <table><thead><tr><th></th><th>Unaudited 6 months ended:</th><th>Unaudited 6 months ended:</th><th></th><th>Audited year ended:</th><th></th></tr><tr><th></th><th>31 Aug 2017</th><th>31 Aug 2016</th><th>28 Feb 2017</th><th>29 Feb 2016</th><th>28 Feb 2015</th></tr></thead><tbody><tr><td>Profit/(loss) on ordinary activities before taxation (£'000)</td><td>13,092</td><td>3,767</td><td>7,922</td><td>220</td><td>(2,358)</td></tr><tr><td>Return per Share (p)</td><td>21.73</td><td>6.63</td><td>13.87</td><td>0.41</td><td>(4.64)</td></tr><tr><td>Dividend declared per Share (p)</td><td>2.0</td><td>1.5</td><td>4.0</td><td>5.0</td><td>5.0</td></tr><tr><td>Net assets (£'000)</td><td>57,282</td><td>39,906</td><td>44,702</td><td>36,794</td><td>36,365</td></tr><tr><td>NAV per share (p)</td><td>94.58</td><td>69.63</td><td>75.39</td><td>65.94</td><td>70.39</td></tr></tbody></table>		Unaudited 6 months ended:	Unaudited 6 months ended:		Audited year ended:			31 Aug 2017	31 Aug 2016	28 Feb 2017	29 Feb 2016	28 Feb 2015	Profit/(loss) on ordinary activities before taxation (£'000)	13,092	3,767	7,922	220	(2,358)	Return per Share (p)	21.73	6.63	13.87	0.41	(4.64)	Dividend declared per Share (p)	2.0	1.5	4.0	5.0	5.0	Net assets (£'000)	57,282	39,906	44,702	36,794	36,365	NAV per share (p)	94.58	69.63	75.39	65.94	70.39
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		The figures in the columns headed 28 February 2015, 29 February 2016 and 28 February 2017 show audited figures to the financial year end. The figures in the columns headed 31 August 2016 and 31 August 2017 show unaudited figures from the half year accounts. Other than the increase in NAV to 96.84p as at 19 October 2017, being the latest date in respect of which Amati VCT has published its NAV per share, from 94.58p per Share as at 31 August 2017 (being the end of the last financial period of Amati VCT for which unaudited financial information has been published), there has been no significant change to Amati VCT's financial condition and operating results during or subsequent to the period covered by the historical key financial information. Amati VCT 2 <table><tr><th></th><th><i>Unaudited 6 months ended: 31 Jul 2017</i></th><th><i>Unaudited 6 months ended: 31 Jul 2016</i></th><th><i>Audited year end ended: 31 Jan 2017</i></th><th><i>Audited year end ended: 31 Jan 2016</i></th><th><i>Audited year end ended: 31 Jan 2015</i></th></tr><tr><td>Profit/(loss) on ordinary activities before taxation (£'000)</td><td>8,924</td><td>3,499</td><td>7,261</td><td>1,903</td><td>(2,982)</td></tr><tr><td>Return per Share (p)</td><td>26.32</td><td>11.10</td><td>22.85</td><td>6.37</td><td>(10.49)</td></tr><tr><td>Dividend declared per Share (p)</td><td>3.25</td><td>2.75</td><td>7.0</td><td>6.25</td><td>6.25</td></tr><tr><td>Net assets (£'000)</td><td>50,416</td><td>36,719</td><td>40,385</td><td>32,400</td><td>30,626</td></tr><tr><td>NAV per share (p)</td><td>145.77</td><td>114.73</td><td>123.72</td><td>107.07</td><td>106.82</td></tr></table> The figures in the columns headed 31 January 2015, 31 January 2016, 31 January 2017 show audited figures to the financial year end. The figures in the columns headed 31 July 2016 and 31 July 2017 show unaudited figures from the half year accounts. Other than the increase in NAV to 159.51p as at 19 October 2017, being the latest date in respect of which Amati VCT 2 has published its NAV per share, from 145.77p per Share as at 31 July 2017 (being the end of the last financial period of Amati VCT 2 for which unaudited financial information has been published), there has been no significant change to Amati VCT 2's financial condition and operating results during or subsequent to the period covered by the historical key financial information.		<i>Unaudited 6 months ended: 31 Jul 2017</i>	<i>Unaudited 6 months ended: 31 Jul 2016</i>	<i>Audited year end ended: 31 Jan 2017</i>	<i>Audited year end ended: 31 Jan 2016</i>	<i>Audited year end ended: 31 Jan 2015</i>	Profit/(loss) on ordinary activities before taxation (£'000)	8,924	3,499	7,261	1,903	(2,982)	Return per Share (p)	26.32	11.10	22.85	6.37	(10.49)	Dividend declared per Share (p)	3.25	2.75	7.0	6.25	6.25	Net assets (£'000)	50,416	36,719	40,385	32,400	30,626	NAV per share (p)	145.77	114.73	123.72	107.07	106.82
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B8	Key pro forma financial information	No pro forma financial information is included in the Prospectus.																																				
B9	Profit forecast	There are no profit forecasts in the Prospectus.																																				
B10	Qualifications in the audit reports	There were no qualifications in the audit reports for Amati VCT for the three years ended 28 February 2017. There were no qualifications in the audit reports for Amati VCT 2 for the three years ended 31 January 2017.																																				
B11	Insufficient working capital	Each Company is of the opinion that its working capital is sufficient for its present requirements, that is, for at least the twelve month period from the date of the Prospectus.																																				
B34	Investment objectives and policy, including investment restrictions	The existing investment policy of each of Amati VCT and Amati VCT 2 is as follows: Investment Objectives The investment objectives of the Companies are to generate tax free capital gains and regular dividend income for their shareholders, primarily through Qualifying Investments in AIM-traded companies and through Non-Qualifying Investments as allowed by the VCT legislation. The Companies will manage their portfolios to comply with the requirements of the rules and regulations applicable to VCTs from time to time. The Companies' policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.																																				

		Investment Parameters Whilst the objective is to make Qualifying Investments primarily in companies traded on AIM or on NEX, the Companies may also make Qualifying Investments in companies likely to seek a quotation on AIM or NEX. With regard to the Non-Qualifying portfolio the Companies make investments which are permitted under the VCT regulations, including shares or units in an Alternative Investment Fund (AIF) or an Undertakings for Collective Investment in Transferable Securities (UCITS) fund, and shares in other companies which are listed on a regulated market such as the Main Market of the London Stock Exchange. For continued approval as a VCT under the ITA the Companies must, within three years of raising funds, maintain at least 70% of their value (based on cost price, or last price paid per share if there is an addition to the holding) in Qualifying Investments. Any investments by the Companies in shares or securities of another company must not represent more than 15% of that Companies' net asset value at the time of purchase. Strategy for Achieving Objectives The strategy for achieving the Investment Objectives which follows is not part of the formal Investment Policy. Any material amendment to the formal Investment Policy may only be made with shareholder consent, but that consent applies only to the formal Investment Policy above and not any part of the Strategy for Achieving Objectives or Key Performance Indicators below. Qualifying Investments Strategy The Companies are likely to be long term investors in most Qualifying Investments, with sales generally only being made where an investment case has deteriorated or has been found to be flawed, or to realise profits, adjust portfolio weightings, fund new investments or pay dividends. Construction of the portfolios of Qualifying Investments are driven by the historic investments made by the Companies and by the availability of suitable new investment opportunities. The Manager may co-invest in companies in which other funds managed by Amati Global Investors invest. Non-Qualifying Investments Strategy The assets of the portfolios which are not in Qualifying Investments will be invested by the Manager in investments which are allowable under the rules applicable to VCTs. Currently cash not needed in the short term is invested in a combination of the following (though ensuring that no more than 15% of the relevant Company's funds are invested in any one entity at the time of purchase): (i) the TB Amati UK Smaller Companies Fund (which is a UCITS fund), or other UCITS funds approved by the Board; (ii) direct equity investments in small and mid-sized companies and debt securities in each case listed on the Main Market of the London Stock Exchange; and (iii) cash or cash equivalents (including money market funds) which are redeemable within 7 days.
B35	Borrowing limits	Amati VCT and Amati VCT 2 may each, within the limits set out in their respective Articles, utilise borrowings to provide flexibility in their investment and dividend policies. The Articles of Amati VCT allow it to borrow up to an amount equal to 25% of its adjusted capital and reserves (as defined in the Articles). It may borrow more than that limit with the previous sanction of an ordinary resolution of Shareholders of Amati VCT. The Articles of Amati VCT 2 allow it to borrow up to an amount equal to its adjusted capital and reserves (as defined in the Articles). However, the Board of Amati VCT 2 has indicated that it will restrict the borrowings of Amati VCT 2 to an amount which will not, without the previous sanction of an ordinary resolution of Shareholders of Amati VCT 2, exceed an amount equal to 25% of the adjusted capital and reserves. Each Company's policy is to use borrowing for short term liquidity purposes only.
B36	Regulatory status	The Companies are not regulated by the Financial Conduct Authority or any other regulatory body, although both Companies have registered as small UK registered AIFMs.

B37	Typical investor	A typical investor in the Companies is an individual (not a corporate entity): who is aged 18 or over and pays UK income tax; who already owns a portfolio of non-VCT investments such as unit trusts/OEICs, investment trusts and shareholdings in listed companies; whose investment range is between £4,000 and £200,000; and who is looking for exposure principally to AIM-traded companies whilst receiving tax-free income from dividends. The individual should be willing to invest over the long term and be comfortable with higher risk investments, such as unquoted company shares. Such an individual is often classified as “retail” and may also be “sophisticated”. The investor should either have experience of such investments and/or seek advice from an appropriate financial adviser.
B38	Investments of 20% or more in a single company	Not applicable. Neither Company has any investments which represent more than 20% of its gross assets in a single company or group.
B39	Investments of 40% or more in a single company	Not applicable. Neither Company has any investments which represent more than 40% of its gross assets in a single company or group.
B40	Service providers	Amati VCT Amati Global Investors was appointed as Manager under an investment management agreement dated 3 April 2007. The Manager is paid a quarterly fee of 0.4375% of the net asset value of Amati VCT, payable in arrears (i.e. 1.75% per annum). Amati Global Investors also provides certain portfolio management, secretarial and administration services. A fee of £50,000 is payable for these services, subject to an annual increase in line with the retail prices index. The fee for the year ended 28 February 2017 was £69,000 for Amati VCT. Jarvis Investment Management Limited acts as custodian for Amati VCT's securities and cash deposits and, in that capacity, is responsible for ensuring safe custody and dealing with settlement arrangements. Amati VCT 2 Amati Global Investors was appointed as Manager under an investment management agreement dated 22 March 2010. The Manager is paid a quarterly fee of 0.4375% of the net asset value of Amati VCT 2, payable in arrears, (i.e. 1.75 % per annum). Amati Global Investors also provides certain portfolio management, secretarial and administration services. A fee is payable for these services, subject to an annual increase in line with the retail prices index. The fee for the year ended 31 January 2017 was £76,000. The Bank of New York Mellon SA/NV acts as custodian for Amati VCT 2's securities and cash deposits and, in that capacity, is responsible for ensuring safe custody and dealing with settlement arrangements.
B41	Regulatory status of the manager / custodian	Amati Global Investors Limited acts as investment manager of each Company and is authorised and regulated by the Financial Conduct Authority. Jarvis Investment Management Limited acts as custodian for Amati VCT's assets and The Bank of New York Mellon SA/NV acts as custodian for Amati VCT 2's assets. Both are authorised and regulated by the Financial Conduct Authority in this capacity.
B42	Calculation of net asset value	Each Company's net asset value is calculated and published on an appropriate regulatory information service normally on a weekly basis but at least on a monthly basis. If for any reason valuations are suspended, Shareholders will be notified in a similar manner.
B43	Umbrella collective investment scheme	Not applicable. Neither Company is part of an umbrella collective investment scheme.
B44	Absence of financial statements	Not applicable. Each Company has commenced operations and published financial statements.

B45	Investment portfolio	Each Company invests in a diversified portfolio of around 60-70 companies. A summary of each Company's portfolio as at 30 September 2017 is set out below:			
		Amati VCT		Amati VCT 2	
		Market Value	% of NAV	Market Value	% of NAV
	AIM-quoted	£48,196,031	83.3%	£46,197,970	84.0%
	TB Amati UK Smaller Cos	£5,611,197	9.7%	£4,825,711	8.8%
	Convertible loans/unquoted holdings	£824,295	1.4%	£1,205,770	2.2%
	Cash	£3,214,712	5.6%	£2,746,578	5.0%
		The split between Qualifying Investments and Non-Qualifying Investments held by the Companies and valued as at 30 September 2017 is set out below (please note that for the key compliance tests within the VCT legislation these investments are measured as at their date of acquisition or valued in line with the last purchase made, rather than the market values given below, and in addition cash from the disposal of qualifying investments may be considered to be a qualifying investment for a period of six months after the sale, which is disregarded in these figures):			
		Amati VCT		Amati VCT 2	
		Market Value	% of NAV	Market Value	% of NAV
	Qualifying Investments	£48,988,180	84.7%	£47,370,389	86.2%
	Non-Qualifying Investments	£8,858,055	15.3%	£7,605,640	13.8%
B46	Most recent net asset value per Share	As at 19 October 2017 (the latest date in respect of which each Company has published its NAV per Share), the unaudited NAV per Share for Amati VCT was 96.84p, and for Amati VCT 2 was 159.51p.			
C		Securities			
C1	Description and class of securities	The securities being offered pursuant to each Offer are new ordinary shares (" New Ordinary Shares ") with the following denominations and ISIN codes:			
		Amati VCT	ordinary shares of 10p each	GB00B05N8X20	
		Amati VCT 2	ordinary shares of 5p each	GB00B641BB82	
C2	Currency	The issue will be in pounds sterling.			
C3	Shares in issue	Amati VCT had 60,255,435 Ordinary Shares in issue at the date of this document all of which are ordinary shares of 10p each. Amati VCT 2 had 34,350,306 Ordinary Shares in issue at the date of this document all of which are ordinary shares of 5p each. All of the Ordinary Shares are fully paid. Neither Company holds any share in treasury.			
C4	Description of the rights attaching to the securities	The Shares being offered (the New Ordinary Shares) by each of the Companies shall rank equally and <i>pari passu</i> with the Existing Ordinary Shares issued by that Company and shall have the following rights in relation to the Company which has issued them: (i) holders of the New Ordinary Shares shall be entitled to receive all dividends and other distributions made, paid or declared by the relevant Company <i>pari passu</i> and equally with each other and with the existing Shares; (ii) each New Ordinary Share carries the right to receive notice of and to attend or vote at any general meeting of the Company; (iii) on a winding-up, the holders of the New Ordinary Shares are entitled to receive back their nominal value and will participate in the distribution of any surplus assets of the relevant Company pro rata with all other Ordinary Shares in the capital of the Company; (iv) statutory pre-emption rights on any issue of further New Ordinary Shares or the sale of any Existing Ordinary Shares from treasury for cash unless disapplied in accordance with the 2006 Act; and (v) New Ordinary Shares are not redeemable at the option of the relevant Company or the Shareholder.			

C5	Restrictions on transfer	Not applicable. There are no restrictions on the free transferability of the New Ordinary Shares to be issued by either Company.																																																																																																																															
C6	Admission	Application will be made for the New Ordinary Shares to be issued by each Company to be admitted to trading on the London Stock Exchange's Main Market for listed securities, on which the Existing Ordinary Shares are traded.																																																																																																																															
C7	Dividend policy	Amati VCT Since 2009 the dividend policy of Amati VCT has been to pay interim and final dividends totalling between 5%-6% of year-end net asset value, subject to the availability of distributable reserves. Prior to 2009 the dividend policy, although not defined as such, was broadly similar. The dividend payment history of Amati VCT since inception is shown in the table below, giving total dividends paid to date of 55.30p. Amati VCT cumulative dividends <table><thead><tr><th>Payment Date</th><th>Amount paid per share</th></tr></thead><tbody><tr><td>14 June 2006</td><td>3.30p</td></tr><tr><td>04 July 2007</td><td>4.25p</td></tr><tr><td>07 December 2007</td><td>2.00p</td></tr><tr><td>15 February 2008</td><td>4.25p</td></tr><tr><td>05 December 2008</td><td>1.50p</td></tr><tr><td>14 August 2009</td><td>2.00p</td></tr><tr><td>11 December 2009</td><td>1.50p</td></tr><tr><td>13 August 2010</td><td>2.50p</td></tr><tr><td>10 December 2010</td><td>2.00p</td></tr><tr><td>12 August 2011</td><td>3.00p</td></tr><tr><td>13 February 2012</td><td>2.00p</td></tr><tr><td>14 August 2012</td><td>3.00p</td></tr><tr><td>07 December 2012</td><td>2.00p</td></tr><tr><td>12 August 2013</td><td>3.00p</td></tr><tr><td>06 December 2013</td><td>2.00p</td></tr><tr><td>15 August 2014</td><td>3.00p</td></tr><tr><td>05 December 2014</td><td>2.00p</td></tr><tr><td>14 August 2015</td><td>3.00p</td></tr><tr><td>11 December 2015</td><td>2.00p</td></tr><tr><td>12 August 2016</td><td>3.00p</td></tr><tr><td>16 December 2016</td><td>1.50p</td></tr><tr><td>11 August 2017</td><td>2.50p</td></tr><tr><td>Total</td><td>55.30p</td></tr></tbody></table>	Payment Date	Amount paid per share	14 June 2006	3.30p	04 July 2007	4.25p	07 December 2007	2.00p	15 February 2008	4.25p	05 December 2008	1.50p	14 August 2009	2.00p	11 December 2009	1.50p	13 August 2010	2.50p	10 December 2010	2.00p	12 August 2011	3.00p	13 February 2012	2.00p	14 August 2012	3.00p	07 December 2012	2.00p	12 August 2013	3.00p	06 December 2013	2.00p	15 August 2014	3.00p	05 December 2014	2.00p	14 August 2015	3.00p	11 December 2015	2.00p	12 August 2016	3.00p	16 December 2016	1.50p	11 August 2017	2.50p	Total	55.30p	Amati VCT 2 Since November 2011 the dividend policy of Amati VCT 2 is to pay interim and final dividends totalling between 5%-6% of year-end net asset value, subject to the availability of distributable reserves. 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		Applicable to both Companies Shareholders and potential investors should be aware that there will be variations in the amount of dividends paid year on year, the payment of dividends is subject to there being sufficient distributable reserves and sufficient realisations by the relevant Company to finance such dividend payments and there can be no guarantee that the target dividend payments will be made in part or at all. No profit forecast is to be inferred or implied from this statement.
D		Risks
D1	Key information on the risks specific to the Companies	• There can be no guarantee that the investment objectives of the Companies will be achieved or that suitable investment opportunities will be available. The success of each Company will depend on the Manager's ability to identify, acquire and realise investments in accordance with each Company's investment policy and there can be no assurance that the Manager will be able to do so. • Investment in AIM-traded, NEX-quoted and unquoted companies involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange. 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 often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Full information for determining their value or the risks to which they are exposed may also not be available. • The Companies' investments may be difficult to realise. The fact that a share is traded on AIM or NEX does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. The valuation of a Company's portfolio and opportunities for realisation may also depend on stock market conditions. • Changes in legislation concerning VCTs may limit the number of Qualifying Investment opportunities, reduce the level of returns which would otherwise have been achievable or result in a Company not being able to meet its investment objective. • If HMRC chooses to enforce s264A of ITA 2007 despite having previously provided comfort to the satisfaction of the Directors, then in the event of a merger the Linked Sales rules may apply retrospectively in respect of sales of shares in one Company within six months (before or after) a subscription in the other since April 2014, resulting in a withdrawal of VCT tax relief for the relevant shareholder. • There can be no guarantee that either of the Companies will maintain full VCT status. If either of the Companies ceases to retain approval as a VCT before Qualifying Subscribers have held their Ordinary Shares for five years, any income tax relief obtained will have to be repaid by the subscriber.
D2	Key information on the risks specific to the securities	• The value of an investment in Amati VCT or Amati VCT 2 may go down as well as up. Shareholders may get back less than the amount originally invested in a Company, even taking into account the available tax reliefs. • The value of Ordinary Shares in Amati VCT or Amati VCT 2 depends on the performance of its underlying assets. The market price of the New Ordinary Shares may not fully reflect their underlying net asset value. Without the Companies undertaking share buybacks, trading in their shares is not active, so the bid price of the shares (the price which sellers are likely to receive in the market) is likely to reflect the price at which the Companies will buy shares back for cancellation. The Companies will buy shares in the market according to their buyback policy at the time. Currently this means shares are bought back at between 6% and 9% discount to the prevailing NAV per Share. However, the Companies' ability to do this is dependent on the availability of their distributable reserves, and availability of liquidity. Moreover, the Companies' buyback policies may change without advance notification. • In the absence of the Companies undertaking share buybacks, it is likely that there will not be a liquid market in the New Ordinary Shares (which may be partly due to up front tax relief not being available for VCT shares bought in the market and VCT shares generally trading at a discount to net asset value) and Shareholders may have difficulty in selling their Shares as a result. Shareholders may only be able to realise their investment at a wide discount to Net Asset Value per share or may not be able to sell at all.

E		Offers												
E1	Offers net proceeds and expenses	The expected total net proceeds and expected total expenses of each Offer (assuming each Offer of £10 million for Amati VCT and £10 million for Amati VCT 2 is fully subscribed and not including the over-allotment option in respect of Amati VCT 2) are set out below: <table><thead><tr><th></th><th>Total Gross Proceeds £</th><th>Total Costs £</th><th>Total Net Proceeds £</th></tr></thead><tbody><tr><td>Amati VCT</td><td>10,000,000</td><td>110,970</td><td>9,889,030</td></tr><tr><td>Amati VCT 2</td><td>10,000,000</td><td>110,970</td><td>9,889,030</td></tr></tbody></table> Investors through the Offers will indirectly bear a portion of the costs of the Offers in which they participate through the application of the formula which determines the Offer Price paid for the New Ordinary Shares. There is an over-allotment option for Amati VCT 2 only to raise up to a further £10,000,000 which may be used in the event that the Potential Merger is approved, and then may be utilised for the duration of the Offer. In addition the Company will, subject to shareholders approval, operate a dividend re-investment scheme (of up to £2,000,000 in Amati VCT and £4,000,000 in Amati VCT 2) whereby subscribers under the Offers and existing shareholders may elect to receive New Ordinary Shares in lieu of dividends. The amount raised under the Dividend Re-Investment Scheme will be determined by the take up of shareholders at a future date. The Offer Price per New Ordinary Share for new investors who are not subscribing through an authorised financial intermediary shall be calculated as the Adjusted NAV per share of the relevant Company (with the values of the underlying securities calculated using the mid-price of the closing bid and ask prices of the London Market Maker price feed) and divided by 0.97 (i.e. a contribution of 3.0% for issue costs). Existing Shareholders and those investing through an authorised financial intermediary shall be entitled to a 2% discount i.e. an Offer Price calculated as the Adjusted NAV per share of the relevant Company (with the values of the underlying securities calculated using the mid-price of the closing bid and ask prices of the London Market Maker price feed), divided by 0.99 (i.e. a contribution of 1.0% for issue costs).		Total Gross Proceeds £	Total Costs £	Total Net Proceeds £	Amati VCT	10,000,000	110,970	9,889,030	Amati VCT 2	10,000,000	110,970	9,889,030
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E2a	Reasons for the Offers, use of the proceeds and rationale for the Potential Merger	The funds raised by each Company pursuant to its Offer will be added to the liquid resources available for investment so as to put each Company into a position to take advantage of opportunities to make Qualifying and Non-Qualifying Investments over the next two to three years, in accordance with that Company's investment policy. The Directors of each Company are considering merging Amati VCT and Amati VCT 2. The Directors of each of the Companies believe that the portfolios of the Amati VCTs have been managed with the same mandates now for seven years, and have therefore become substantially aligned. Where there are distinct historic holdings, principally Craneware and Sprue Aegis in the case of Amati VCT and Accesso and Brooks Macdonald in the case of Amati VCT 2, these would all remain significant holdings in a combined portfolio, with the additional diversification being beneficial for both sets of shareholders. As a result, the Boards of both VCTs believe that the cost savings which would be achieved by merging the two companies are a compelling reason to do so, as they should result in lowering the ongoing charges by around 0.3% per year, which goes directly to boosting shareholder returns by the same amount.												

	However, the decision to merge has been held up by a particular aspect of the VCT legislation (S264A of ITA 2007, "S264A") which could prove detrimental to those shareholders who, since April 2014, have sold shares in one of the Companies and bought shares in the other within a six month period, as these may be seen retrospectively as a Linked Sale with the result that there may be a withdrawal of that shareholder's income tax relief in respect of the purchase up to the value of the sale proceeds. The Manager has received assurances from HMRC that this impact following a merger between VCTs was not an intended consequence of the legislation. The Managers and the Directors hope that this point of law will be further clarified in the coming months. Once sufficient comfort has been received on this point, or other arrangements have been made to address it, the Directors would intend to put the Potential Merger to Shareholders. This would require the Companies to issue a Supplementary Prospectus at that point. It is expected that the Companies would also at that time each issue a Circular to their shareholders setting out the steps to be taken towards a merger and putting these to a vote. It is envisaged that if the Potential Merger completes the ongoing entity will be Amati VCT 2, the reason being that following the Potential Merger the intention would be to carry out a court sanctioned share capital reduction in order to increase the distributable reserves of the merged entity, a process which is understood to be more efficient for a company registered in England and Wales. It is intended that the Potential Merger would proceed by way of a reconstruction under Section 110 of the Insolvency Act 1986 which would involve Amati VCT being placed into liquidation, its portfolio of assets transferred to Amati VCT 2 and Amati VCT 2 issuing Consideration Shares to the Shareholders of Amati VCT in return for the transfer of the portfolio of Amati VCT to Amati VCT 2. It is intended that Consideration Shares issued as a result of the Potential Merger will rank <i>pari passu</i> with the Existing Ordinary Shares in Amati VCT 2 in all respects. Under this Prospectus the Directors have reserved 55 million Consideration Shares, that will be issued by Amati VCT 2 to Amati VCT shareholders to facilitate the Potential Merger. In order to carry out the Potential Merger equitably, it would be proposed that the issue price of the Amati VCT 2 Consideration Shares and the number to be issued to Amati VCT shareholders be calculated on the basis of both companies' portfolios being valued at Net Asset Value and both being valued on a "bid" basis in respect of assets which are valued at a spread. The costs and expenses associated with the Potential Merger would also be allocated between the two VCTs on a pro rata basis based on total Net Asset Value, again to be equitable between the two sets of Shareholders. Proceeding in this manner would allow the Potential Merger to conclude both in a timely fashion and in a way that allows any additional costs to be minimised, whilst at the same time seeking to protect the interests of shareholders who might have been adversely impacted through the inadvertent creation of Linked Sales as a result of the Potential Merger. The Directors of each of the Companies believe that the Offers by their respective Company represents an attractive investment proposition because: - subscribers for new shares in the Amati VCTs benefit from the strength and depth of the maturing portfolio of companies built up in the portfolios over many years (see pages 41 to 43); - AIM has become one of the most successful stock markets in the world for companies valued at less than £500m, and the Directors believe it will offer a continued flow of attractive new qualifying investment opportunities with significant potential for growth; - the Fund Manager has an impressive track record of being able to identify the most promising early-stage growth companies on AIM, and has been recognised through numerous industry awards over recent years for UK smaller company investment; - Non-Qualifying investment is principally made in the TB Amati UK Smaller Companies Fund, which means that cash awaiting investment can be productively employed through investment in small and mid-sized UK companies managed by the Fund Manager; - the liquidity offered by AIM reduces risks for shareholders and means that the Manager does not need to hold significant amounts of cash for follow-on investments, as cash can generally be raised at short notice from the existing portfolio if necessary; - the dividend policy of each company is to make bi-annual dividend payments totalling 5% - 6% of year end NAV (equivalent to 6.9% - 8.3% tax free yield after and taking into account the full 30% initial income tax relief available to subscribers, and adjusting for the maximum up-front costs of 3%); such dividend payments are subject to the relevant Company having sufficient working capital, distributable reserves and cash receipts in the period; no profit forecast or guarantee of income or dividends is to be inferred or implied from this statement;
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		g) each Company maintains a share buyback programme which, subject to the availability of distributable reserves and the Company's cash requirements, provides liquidity for Shareholders who wish to sell shares (such sales are carried out on the stock market and Shareholders need to instruct a stockbroker to make sales on their behalf); h) the fund managers at Amati Global Investors are aligned to the success of the Companies, and own a total of 324,920 shares in Amati VCT and 281,156 shares in Amati VCT 2 and also intend to subscribe for further shares in the Offers.
E3	Terms and conditions of the Offers	Each Offer will open on 30 October 2017 and will close at 12 noon on 4 April 2018 in relation to the 2017/18 Offer and at 12 noon on 31 August 2018 in relation to the 2018/19 Offer (unless fully subscribed sooner). The Board of each Company may close its Company's Offer earlier than this date or may extend its Company's Offer to a date up to and including 26 October 2018. Applications under the Offers will be processed from 30 October 2017. Multiple applications under the Offers from the same investor will be processed in order of receipt. Subscribers may elect to invest equally in the Offers or invest different amounts under the Offers. Applications under each Offer will be accepted on a first-come-first-served basis, subject always to the discretion of the relevant Board. Subscribers must subscribe a minimum of £4,000 per Offer per tax year, or £5,000 (a minimum of £2,500 in each of the Offers) for subscriptions to both Offers simultaneously, and thereafter in multiples of £500. The first allotments of New Ordinary Shares under the Offers are expected to occur on or around 20 November 2017. In relation to each allotment, the Offer Price at which the relevant New Ordinary Shares will be allotted will be calculated by using the pricing formula set out below and will be announced through a Regulatory Information Service prior to the date of allotment. The number of New Ordinary Shares to be allotted in each Offer will be determined by each respective Offer Price calculated on the following basis: Amati VCT The Adjusted Net Asset Value of an Existing Ordinary Share of Amati VCT at the Latest Practicable Date prior to the date of allotment divided by 0.97 in respect of new subscribers or 0.99 in respect of existing Shareholders of either VCT or subscribers through an authorised financial intermediary (i.e. a contribution of 3.0% or 1.0% to issue costs), calculated in pence and rounded up to the nearest two decimal places. The value of the underlying securities will be determined by reference to the mid-price value of the closing bid and ask prices of the London Market Maker price feed. Amati VCT 2 The Adjusted Net Asset Value of an Existing Ordinary Share of Amati VCT 2 at the Latest Practicable Date prior to the date of allotment divided by 0.97 in respect of new subscribers or 0.99 in respect of Existing Shareholders of either VCT or subscribers through an authorised financial intermediary (i.e. a contribution of 3.0% or 1.0% to issue costs), calculated in pence and rounded up to the nearest two decimal places. The value of the underlying securities will be determined by reference to the mid-price value of the closing bid and ask prices of the London Market Maker price feed. The number of New Ordinary Shares to be issued under each Offer will be rounded to the nearest whole number and fractions of New Ordinary Shares will not be allotted. If there is a surplus of funds from an investor's subscription amount, the balance will be returned (without interest) in the form of a cheque, save where the surplus amount per Offer is less than £2.00, in which case such surplus will be retained by the relevant Company.
E4	Description of any interest that is material to the issue	Not applicable. There are no interests that are material to the issue.
E5	Name of persons selling securities	Not applicable. No person or entity is selling securities in the Companies.

E6	Amount and percentage of dilution.	The maximum number of Shares which may be issued on a non-pre-emptive basis under the Offer and the DRIS (and including the over-allotment option in respect of Amati VCT 2), the percentage of the issued share capital of the respective Companies represented by such Shares and the dilutive effect on existing Shareholders' voting control of each Company (assuming they do not subscribe for any New Ordinary Shares) if the maximum number of shares were issued is set out in the following table: <table><thead><tr><th></th><th>Maximum number of shares Directors will be authorised to allot on a non-pre-emptive basis</th><th>Percentage of issued share capital (excluding treasury shares) represented by these shares</th><th>Percentage dilution in existing Shareholders' voting control</th></tr></thead><tbody><tr><td>Amati VCT</td><td>12,411,119</td><td>20.5%</td><td>17.0%</td></tr><tr><td>Amati VCT 2</td><td>14,753,912</td><td>42.9%</td><td>30.0%</td></tr></tbody></table> <i>Based on the assumption that the respective VCT NAVs are as at 30 September 2017 adjusted for mid prices and that all shares are allotted based on the Adjusted NAV per share divided by 0.99 and rounded up to the nearest two decimal places (Offer price of 96.88p and 163.26p for Amati VCT and Amati VCT 2 respectively).</i> If the Potential Merger proceeds, Amati VCT 2 will issue Consideration Shares in return for the transfer of the assets of Amati VCT to it. Assuming that the share issue in respect of Amati VCT shown in the table immediately above takes place prior to the Potential Merger taking effect, Amati VCT 2 will issue that number and percentage of Consideration Shares as shown in the table below which includes the shares available under the Offer and DRIS in respect of Amati VCT as shown above. <table><thead><tr><th></th><th>Maximum number of Consideration Shares Directors will be authorised to allot on a non-pre-emptive basis</th><th>Percentage of issued share capital (excluding treasury shares) represented by these shares</th><th>Percentage dilution in existing Shareholders' voting control</th></tr></thead><tbody><tr><td>If Potential Merger proceeds</td><td>42,213,375</td><td>125.6%</td><td>67.9%</td></tr></tbody></table> <i>Based on the assumption that the respective VCT NAVs are as at 30 September 2017 but with the underlying securities valued at bid price (Amati VCT: 94.80p per share and Amati VCT 2: 159.78p per share) and that all Consideration Shares are allotted based on these respective NAVs per share divided by 0.99 and rounded up to the nearest two decimal places.</i>		Maximum number of shares Directors will be authorised to allot on a non-pre-emptive basis	Percentage of issued share capital (excluding treasury shares) represented by these shares	Percentage dilution in existing Shareholders' voting control	Amati VCT	12,411,119	20.5%	17.0%	Amati VCT 2	14,753,912	42.9%	30.0%		Maximum number of Consideration Shares Directors will be authorised to allot on a non-pre-emptive basis	Percentage of issued share capital (excluding treasury shares) represented by these shares	Percentage dilution in existing Shareholders' voting control	If Potential Merger proceeds	42,213,375	125.6%	67.9%
	Maximum number of shares Directors will be authorised to allot on a non-pre-emptive basis	Percentage of issued share capital (excluding treasury shares) represented by these shares	Percentage dilution in existing Shareholders' voting control																			
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If Potential Merger proceeds	42,213,375	125.6%	67.9%																			
E7	Expenses charged to investors	All expenses of the Offers will be paid by each Company out of the gross proceeds of its Offer. Investors through the Offers will indirectly bear a portion of the costs of the Offers in which they participate through the application of the formula which determines the Offer Price paid for the New Ordinary Shares and includes an allowance for issue costs of 1.0% or 3.0% of the Adjusted NAV on which the Offer Price is calculated.																				

RISK FACTORS

The risk factors identified below include all the material risks known to the Companies as at the date of this document. The Directors draw the attention of potential investors to the following risk factors which may affect the Companies' performance and/or the availability of tax reliefs. Any decision to invest in either of the Companies should be based on consideration of the Prospectus as a whole by an investor. An investment in either of the Companies is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investments.

Investment in either of the Companies should be regarded as long-term in nature and is not suitable for all individuals. Potential investors should consult their independent professional or financial advisers before deciding whether to, and how much to, invest in either of the Companies.

You should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) "forward-looking statements", which can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "will", "would", "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Prospectus or based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. Any such statements do not, nor are intended to qualify the Company's working capital statement.

The information contained in this document will be updated if required by the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, as appropriate.

Related risks of the Offers, the DRIS, the Potential Merger and the Consideration Shares

The market price of the Ordinary Shares may not fully reflect their underlying net asset value. The value of an investment in the Company, and the income derived from it, may go down as well as up and an investor may not get back the amount invested.

Although the Existing Ordinary Shares are already listed and the New Ordinary Shares will be listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling their Ordinary Shares. New investors in either of the Companies may be less willing to acquire Ordinary Shares which are already in issue than to subscribe for New Ordinary Shares because of the tax reliefs which attach to new subscriptions.

Investors should note that the Potential Merger will be subject to the approval of the shareholders of each of Amati VCT and Amati VCT 2 in accordance with the law. Should both of those approvals not be given then the Potential Merger will not complete.

General and Market risks

The past performance of the Companies or other companies or funds managed or advised by Amati Global Investors, or an affiliated company of Amati Global Investors, is not a guide to the future performance of either of the Companies.

Any realised losses on a disposal of Ordinary 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.

There can be no guarantee that the Company's investment objectives will be achieved.

The value of an investment in Amati VCT or Amati VCT 2 may go down as well as up. Shareholders may get back less than the amount originally invested in a Company, even taking into account the available tax reliefs.

Realisations of investments in AIM-traded or NEX-traded companies and unquoted investments can be more difficult and can take more time than realisation of investments in companies quoted on the Official List. The fact that a share is traded on AIM or NEX does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. The valuation of a Company's portfolio and opportunities for realisation may also depend on stock market conditions.

The ability of either Company to obtain maximum value from its investments (for example, through a sale or takeover) may be restricted because of the requirement to satisfy certain conditions necessary for it to maintain its VCT status (such as the condition that not less than 70% by value of its investments must be in Qualifying Holdings).

AIM is 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.

There can be no guarantee that the investment objectives of the Companies will be achieved or that suitable investment opportunities will be available. The success of each Company will depend on the Manager's ability to identify, acquire and realise investments in accordance with each Company's investment policy and there can be no assurance that the Manager will be able to do so. If the investment objectives of the Company are not achieved and/or the Company is unable to identify, acquire and realise investments in accordance with its investment policy, the impact on the Company's value and performance may be negative including that (i) the Company may be left with a larger cash pool than it would ideally wish which may act as a drag on investment returns, (ii) the Company may be forced to make qualifying investment which it would not ideally hold, or which fall outside the scope of the investment policy, in order to comply with the VCT regulations, (iii) the Company may be forced to sell attractive investments which are liquid, in preference to less attractive investments which are illiquid, (iv) the Company may not be able to realise enough cash to support its target dividend payments, and (v) the Company may not be able to sell investments at times it believes most opportune. In any of these cases, the impact on the Company may include a reduction in the value of its assets, a reduction in its investment performance, an inability to continue to pay dividends at the target rate, and an inability to reinvest funds on an optimum basis. The impact on an investor may include a reduction or cessation of dividend payments by the relevant Company and a reduction in the Company's underlying Net Asset Value per share.

Investments in AIM-traded and NEX-quoted companies and unquoted investments involves 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. Full information for determining their value or the risks to which they are exposed may also not be available. Potential difficulties in dealing in illiquid stocks may be increased where orders for Amati VCT or Amati VCT 2 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 either Company to achieve the intended level of investment in Qualifying Investments.

In relation to unquoted and quoted companies, proper information for determining the value of either of the Companies' underlying investments, or the risks to which they are exposed, may also not be available. This is because, although these companies generally provide accurate and timely information to the Manager, they are not necessarily required to do so. As such, valuations may have to be done on historical information presented in a summary form and without having the benefit of direct discussions with management and/or the ability to require disclosure of additional information which may be necessary or desirable in order to come to a more accurate valuation. Quoted companies are generally subject to enhanced disclosure requirements including an obligation to make announcements to the market in respect of price sensitive information. However, such announcements may be limited in details and scope and financial information, when released, will usually be historical and limited in detail. There is also no obligation for an individual quoted company's management team to have direct discussions with investors, although it is normal practice to do so.

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 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. These rules have changed in the past and may change again in the future.

In the absence of the Companies undertaking share buybacks, it is likely that there will not be a liquid market in the New Ordinary Shares (which may be partly due to up front tax relief not being available for VCT shares bought in the market and VCT shares generally trading at a discount to net asset value) and Shareholders may have difficulty in selling their Shares as a result. Shareholders may only be able to realise their investment at a wide discount to Net Asset Value per share or may not be able to sell at all.

The value of Ordinary Shares in Amati VCT or Amati VCT 2 depends on the performance of its underlying assets. The market price of the New Ordinary Shares may not fully reflect their underlying net asset value. Without the Companies undertaking share buybacks, trading in their shares is not active, so the bid price of the shares (the price which sellers are likely to receive in the market) is likely to reflect the price at which the Companies will buy shares back for cancellation. The Companies will buy shares in the market according to their buyback policy at the time. Currently this means shares are bought back at between 6% and 9% discount to the prevailing NAV per Share. However, the Companies' ability to do this is dependent on the availability of their distributable reserves, and availability of liquidity. Moreover, the Companies' buyback policies may change.

Currently shares traded on AIM benefit from certain tax advantages, which may take them outside inheritance tax relief for many taxpayers, for example Business Property Relief. If that tax relief were to be withdrawn then it might be expected that a material number of persons who currently hold AIM shares might look to sell their AIM investments and move their money into different assets. If this was the case, there would therefore be a period during which there would be an unusually high number of sellers motivated by indirect commercial pressures, which would (all other things being equal) be expected to depress prices for such AIM stocks for a period of time. That may have an adverse impact on the value of the investments of the two VCTs independent of the fundamentals of the companies in their portfolios.

As a result of the EU referendum the UK government is currently negotiating the terms of the UK's exit from the EU. These terms have not been agreed and nor has the shape of the future relationship with the EU been determined. It is not known to what extent this process will affect the regulation of VCTs in the future, but it may lead to a period of regulatory uncertainty and market instability and thus have an adverse impact on the value of the investments of the Companies.

Risks of the Potential Merger

Details in relation to the proposals to merge the two VCTs are described in more detail in the Joint Letter from the Chairmen of Amati VCT and Amati VCT 2 and in Section 7 of Part III.

The tax related risks associated with the Potential Merger are set below.

In addition, there is a risk that should the Potential Merger be proposed but not conclude and become effective that the VCTs will incur most of the costs associated with the Merger without the corresponding benefits of having merged.

There is a risk that the issues in relation to section 264A ITA 2007 (further detail of which is set out under "Tax related risks" below) are either not clarified at all or are not clarified in the way that is anticipated by the Boards, in which case the Potential Merger may not be able to proceed.

Tax related risks

The tax rules or their interpretation in relation to an investment in either of the Companies and/or rates of tax may change during the life of the Companies.

There can be no guarantee that either of the Companies will maintain full VCT status. **If either of the Companies ceases to retain approval as a VCT before Qualifying Subscribers have held their Ordinary Shares for five years, any income tax relief obtained will have to be repaid.** Following a loss of VCT status a Qualifying Subscriber will be taxed on dividends paid by the Company during and after an accounting period in which VCT status is lost and, in addition, a liability to capital gains tax may arise on any subsequent disposal of Ordinary Shares. If either of the Companies ceased to have VCT status, that Company would also lose its exemption from corporation tax on capital gains.

The rules governing Qualifying Investments have changed a number of times over the previous years and may change further. Funds raised through share issues during different periods may be subject to different rules governing Qualifying Investments. As a result of having raised money each year through multiple sets of rules in relation to Qualifying Investments, the Companies face a potentially high level of complexity in matching the various subscriptions they have received historically to the various rule types for Qualifying Investments.

If at any time VCT status is lost, the relevant Company may request that dealings in Ordinary Shares be suspended until such time as the relevant Company has published proposals either to continue as an investment company or to be wound up. Further information concerning the loss of VCT status is set out in Part V of this document.

The current taxation legislation applicable to individual investors provides for income tax relief of up to 30% of the amount subscribed (subject to overall limitations on the amount of tax relief that can be claimed).

Investors must hold their shares for at least 5 years to qualify for income tax relief, otherwise the initial tax relief can be withdrawn and, therefore, VCTs should be viewed as long-term investments.

There is a limited secondary market for shares in VCTs primarily because the initial income tax relief is only available to those subscribing for newly issued shares.

The value of shares in a VCT depends on the performance of the underlying assets. The value of the investment and the dividend stream can rise and fall.

In August 2017 HM Treasury published a consultation document entitled 'Financing growth in innovative firms'. It is the Treasury's view that the allocation of 'patient' capital into younger firms that invest heavily in research and development is inefficient and that the most innovative and entrepreneurial companies often struggle to obtain the finance sufficient to enable them to grow to scale. The document considers the effectiveness of current interventions by the UK government and UK and EU governmental agencies in this area and the extent to which they are targeted successfully. Any policy decisions arising from the consultation are likely to be announced in the Budget on 22 November, which may reduce the availability of tax reliefs and place greater restrictions on companies seeking to issue VCT-qualifying shares. This could necessitate changes to the investment policies of the Companies and have an adverse impact on the value of the investments of the Companies.

HMRC has indicated that it intends to carry out an impact analysis in relation to state aid risk finance schemes in 2018 with the resultant report expected in 2019. At present it is difficult to foresee what the outcome(s) of that report are likely to be. In the past, state aid risk finance and what has been permitted and what has not has been heavily influenced by the UK's relationship with the EU. While there is no current indication this will be the case, given the interaction with BREXIT, it is possible that the UK government will look to make significant changes to the state aid risk finance schemes following that review, which may have a significant impact on the VCTs and the value of their investments.

Tax relief on subscription shares in a VCT is restricted where, within six months (before or after) that subscription, the investor had disposed of shares in the same VCT or a VCT which has merged, or merges at any time, with that VCT or if there is a contractual link between the subscription and disposal. Shareholders and potential investors should therefore be aware that if they dispose and subscribe for shares in such circumstances then they may suffer withdrawal of VCT relief.

In addition, if the Potential Merger proceeds, shareholders who have bought shares in one of the Amati VCTs and sold shares in the other within a six month period since April 2014 may be affected by these rules and suffer a withdrawal of tax relief where they would not have been affected if the merger did not proceed. The Manager has received advice that where a merger is done for a genuine commercial purpose, it is not the current intention of HMRC that relief is withdrawn as a result of the merger (although there is no guarantee that that current intention will persist). The Managers and Directors expect that this point of law will be clarified and the tax risks addressed to the satisfaction of the Directors prior to the Potential Merger, but if this is not the case and the Potential Merger proceeds despite the absence of such clarity and regulatory comfort then there is a risk that some shareholders may suffer withdrawal of VCT relief.

Shareholders should note that if the Potential Merger proceeds they should not subscribe for shares in the merged entity if they have sold shares in the other of the Amati VCTs in the preceding 6 months. Such sales would be classified as Linked Sales, and they would not be able to claim income tax relief based on the new subscription. Linked Sales will also be created if shareholders subscribe for either of the Amati VCTs where they have sold shares in the same VCT in the preceding six months, or subsequently sell in the following six months.

It would also be prudent not to subscribe to one of the Amati VCTs under the current Offers if you have sold or intend to sell shares in the other of the Amati VCTs in the six months either side of the subscription until the application of S264A is addressed and clarified, because this may be deemed to create a Linked Sale if the Potential Merger proceeds.

The following persons will be affected by the rules restricting VCT tax relief where an acquisition or disposal of shares are linked or within a certain period of time.

- a) A person who acquires and disposes of shares in the same VCT within a six month period since the new rules were brought in in April 2014 (affected whether or not the Potential Merger proceeds).
- b) A person who acquires or disposes of shares in one of the VCTs and disposes or acquires of shares in the other Amati VCT within a six month period since the new rules were brought in in April 2014 (there must be an acquisition and a disposal) if the Potential Merger proceeds.

The following persons should not be affected by the rules described above.

- a) A person who acquires and disposes of shares in the same VCT but either those transactions are greater than 6 months apart or took place before the new rules were brought in in April 2014.
- b) A person who acquires or disposes of shares in one of the VCTs and disposes of or acquires shares in the other VCT provided that either those transactions are greater than 6 months apart or took place before the new rules were brought in in April 2014 or the Potential Merger does not proceed.
- c) A person who acquires or disposes of shares in one of the VCTs and disposes or acquires shares in an unrelated VCT.
- d) A person who has acquired shares in either or both of the Amati VCTs only through the Dividend Re-Investment Schemes, as shares purchased through this route are excluded from legislation about Linked Sales.

Currently dividends paid by VCTs are exempt from income tax for UK tax payers. If this exemption were to be removed then the Companies' dividend policies would be reassessed, and the Boards may decide to pay smaller dividends in future.

The information in this document is based on existing legislation, including taxation legislation. The existing levels and bases of, and reliefs from, taxation may change. The value of tax reliefs depends on the personal circumstances of investors, who should consult their own tax advisers before making any investment.

Dividend Re-Investment Scheme Risks

The availability of the Dividend Re-Investment Scheme of each Company depends on, amongst other things, (i) each Company continuing to offer such a scheme, (ii) on the relevant Company paying dividends which are available to be re-invested and (iii) on the relevant Company having sufficient allotment and issue authority to permit the re-investment of the dividends at the relevant time. In the event that any of these ceases to be the case, the relevant Dividend Re-Investment Scheme may no longer function and be available and a shareholder may unexpectedly end up receiving a cash dividend.

The Dividend Re-Investment Schemes contain provisions in relation to notice which must be given in order to exit the relevant scheme. It may not be possible to exit the relevant scheme shortly before a dividend is paid if sufficient notice is not given and a Shareholder may therefore receive further shares when he or she desired a cash dividend.

STATISTICS OF THE OFFERS

Offer Price per New Ordinary Share in Amati VCT	The Adjusted Net Asset Value of an Existing Ordinary Share of Amati VCT prior to the date of allotment divided by: 1. for new subscribers: 0.97 to allow for issue costs of 3.0% calculated in pence and rounded up to the nearest two decimal places; or 2. for existing subscribers and those investing through an authorised financial intermediary: 0.99 to allow for issue costs of 1.0% calculated in pence and rounded up to the nearest two decimal places. For the calculation of the Adjusted NAV the value of the underlying securities will be determined by reference to the mid-price value of the closing bid and ask prices of the London Market Maker price feed.
Offer Price per New Ordinary Share in Amati VCT 2	The Adjusted Net Asset Value of an Existing Ordinary Share of Amati VCT 2 divided by: 1. for new subscribers: by 0.97 to allow for issue costs of 3.0% calculated in pence and rounded up to the nearest two decimal places; or 2. for existing subscribers and those investing through an authorised financial intermediary: by 0.99 to allow for issue costs of 1.0% calculated in pence and rounded up to the nearest two decimal places. For the calculation of the Adjusted NAV the value of the underlying securities will be determined by reference to the mid-price value of the closing bid and ask prices of the London Market Maker price feed.
Maximum gross proceeds of the Offers	£10 million for Amati VCT £10 million for Amati VCT 2 (with an overallotment option of a further £10 million for Amati VCT 2 only)
Minimum subscription per investor under each of the Offers	In each tax year, £4,000 in one VCT or £5,000 (a minimum of £2,500 in each VCT) if applying for shares in both VCTs and thereafter in multiples of £500.

EXPECTED TIMETABLE

2017/2018 Offers open	8.00 a.m. on 30 October 2017
2017/2018 Offers close	12.00 noon on 4 April 2018
2018/2019 Offers open	8.00 a.m. on 6 April 2018
2018/2019 Offers close	12.00 noon on 31 August 2018 (unless extended at the discretion of the Directors of each of the Companies)
Allotments	monthly (or at other such times at the Manager's discretion as it considers in the best interests of the relevant Company)
Dealings in New Ordinary Shares commence	second business day following allotment
CREST accounts credited	within 5 business days of allotment
Definitive share certificates and income tax relief certificates despatched	within 10 business days of allotment
Dividend Re-Investment Schemes	based on dates dividends paid and the terms and conditions of the Dividend Re-Investment Schemes

Notes:

- (i) Applications will be accepted on a first come, first served basis, subject to the discretion of the Directors of the relevant Company. Successful subscribers (and/or where appropriate their authorised financial intermediaries) will receive an acknowledgement email or letter from the Receiving Agent on receipt of their Subscription Forms.
- (ii) The Offers may close earlier than the dates stated above if they are fully subscribed by an earlier date. The Directors of each Company reserve the right to accept Subscription Forms and to allot and arrange for the listing of New Ordinary Shares in respect of applications received in respect of the Offers on or prior to the closing dates of the Offers as the Directors of the relevant Company see fit.
- (iii) The allotment of New Ordinary Shares by either Company is at the discretion of the Directors of that Company and is expected to be made monthly, although there may be additional allotments (at the Manager's discretion). All allotments will be made at a price per share calculated as set out under "Statistics of the Offers" on page 19.
- (iv) Revocation of the Offers cannot occur after New Ordinary Shares have been allotted.

JOINT LETTER FROM THE CHAIRMAN OF AMATI VCT plc AND THE CHAIRMAN OF AMATI VCT 2 plc

Amati VCT plc

(Registered in Scotland No. SC278722)

Directors

Peter Lawrence (Chairman)
Julia Henderson
Charles Pinney
Brian Scouler

Registered office:

110 George Street
Edinburgh
EH2 4LA

Amati VCT 2 plc

(Registered in England and Wales No. 04138683)

Directors

Julian Avery (Chairman)
Mike Killingley
Susannah Nicklin

Registered office:

27-28 Eastcastle Street
London
W1W 8DH

Dear Investor,

Background to the Fund Raising

Amati VCT plc and Amati VCT 2 plc are offering both existing shareholders and new investors the opportunity to subscribe for up to £10,000,000 of New Ordinary Shares in each Company. In addition, provision is being made for up to a further £2,000,000 to be raised to be allocated to the Dividend Re-Investment Scheme of Amati VCT and up to a further £4,000,000 to be raised to be allocated to the Dividend Re-Investment Scheme of Amati VCT 2 over the coming year. The Companies are seeking to merge in due course and intend to issue a Supplementary Prospectus containing detailed proposals to that effect, pursuant to which there will be an over-allotment facility of up to £10,000,000 in Amati VCT 2 plc (which may only be used if the Potential Merger is approved). The background to these proposals and the rationale for the Potential Merger are set out later in this letter.

The Amati VCTs aim to make long term investments in innovative companies which have the potential to become successful AIM-quoted growth companies. To this end, our fund manager, Amati Global Investors, seeks to identify the most promising of the next generation of AIM companies which are raising money and which qualify for VCT investment. This is to provide them with capital at an early stage of their development, and to support them through their growth as long-term shareholders. It takes time to build up a portfolio of successful and dynamic businesses. We believe both VCTs have now substantially achieved this goal within their portfolios, with a significant number of companies in each portfolio reporting results showing rapid growth.

As the successful investee companies grow, the portfolio naturally evolves to be biased towards the most successful companies, as those which have risen the most in value become the largest holdings. We believe that this important inflection point has been reached for both Amati VCTs. To illustrate this, here are some statistics as at 30 September 2017. The ten largest qualifying investments in each VCT were all capitalised at more than £100m, with three capitalised at over £400m in Amati VCT and four in Amati VCT 2, with the median being £302m¹. Nine of the top ten Amati VCT holdings now pay dividends, as do eight for Amati VCT 2. The unweighted average term of these investments thus far is around 5 years for Amati VCT and 8 years for Amati VCT 2². The unweighted average share price returns from these top ten investments since they were added to the respective portfolios (based on our investment price blended across more than one round in the case of follow-on investments), were around 676% for Amati VCT and 847% for Amati VCT 2³.

In both VCTs, the top 10 holdings represent over 50% of the value of the portfolio⁴ and provide a strong set of core holdings. However, it is also important to continue to develop the portfolio with new investments, and the Boards believe that AIM will continue to offer a stream of attractive new Qualifying Investment opportunities. The Boards feel it is sensible to seek to raise a larger sum of new money than they have over recent years in order to be able to finance these new investments, and in so doing to reduce somewhat the portfolio concentration which has been increasing rapidly over the last year. If the Offers are fully subscribed, we believe that the Companies are well placed to make sufficient new investments to continue to meet the 70% test as defined by the VCT legislation (Chapter 4, Part 6 of ITA 2007) over the period after the fund raising, given that the weighting of Qualifying Holdings under this test as at the interim period ending 31 August 2017 is 84.4% in Amati VCT and as at the interim period ending 31 July 2017 is 87.6% in Amati VCT 2⁵.

¹ Source: the Manager

² Source: the Manager

³ Source: the Manager. Please note that this represents only part of the portfolio and the amounts invested. Further details on the performance of the portfolio as a whole can be found at pages 24 to 26 and 37 to 53.

⁴ Source: the Manager

⁵ Source: the Manager

Key Reasons to Invest

The Directors of each Company believe that the Offers by their respective Company represent an attractive investment proposition because:

- a) subscribers for new shares in the Amati VCTs benefit from the strength and depth of the maturing portfolio of companies built up in the portfolios over many years (see pages 41 to 43);
- b) AIM has become one of the most successful stock markets in the world for companies valued at less than £500m, and the Directors believe it will offer a continued flow of attractive new Qualifying Investment opportunities with significant potential for growth;
- c) the Fund Manager has an impressive track record of being able to identify the most promising early-stage growth companies on AIM, and has been recognised through numerous industry awards over recent years for UK smaller company investment;
- d) Non-Qualifying investment is principally made in the TB Amati UK Smaller Companies Fund, which means that cash awaiting investment can be productively employed through investment in small and mid-sized UK companies in a portfolio managed by the Fund Manager;
- e) the liquidity offered by AIM reduces risks for shareholders and means that the Manager does not need to hold significant amounts of cash for follow-on investments, as cash can generally be raised at short notice from the existing portfolio if necessary;
- f) the dividend policy of each company is to pay dividends twice a year totalling 5% - 6% of year end NAV (equivalent to 6.9% - 8.3% tax free yield after and taking into account the full 30% initial income tax relief available to subscribers, and adjusting for the maximum up-front costs of 3%); such dividend payments are subject to the relevant Company having sufficient working capital, distributable reserves and cash receipts in the period; no profit forecast or guarantee of income or dividends is to be inferred or implied from this statement;
- g) each Company maintains a share buyback programme which, subject to the availability of distributable reserves and the Company's cash requirements, provides liquidity for Shareholders who wish to sell shares (such sales are carried out on the stock market and Shareholders need to instruct a stockbroker to make sales on their behalf);
- h) the fund managers at Amati Global Investors are aligned to the success of the Companies, and own a total of 324,920 shares in Amati VCT and 281,156 shares in Amati VCT 2 and intend to subscribe for a total of £50,000 in the Offers.
- i) the Directors of Amati VCT have indicated that they intend to invest a total of £240,000 in the Offers. The Directors of Amati VCT 2 have indicated that they intend to invest a total of £35,000 in the Offers.

Dividend Re-Investment Schemes

Both of the Companies operate Dividend Re-Investment Schemes to enable Shareholders of each to use all of their dividends to subscribe for further New Ordinary Shares in a cost effective manner. The price at which the shares are issued is the Net Asset Value ("NAV") per Share as close as reasonably practicable to the dividend payment date. The relevant Company bears all of the costs of operating the Dividend Re-Investment Scheme. Dividend re-investment enables Shareholders of the Companies to increase their total holding in the relevant Company without incurring dealing costs, issue costs or stamp duty. Subject to the limits on investments in VCTs, these New Ordinary Shares should qualify for the VCT tax reliefs that are applicable to subscriptions for new VCT shares. In addition subscriptions for shares under this scheme do not run the risk of creating Linked Sales where shares have been sold within a six month period of the subscription. Further details are given in Part IV of this document. The terms and conditions of the Dividend Re-Investment Schemes can be found on the websites of the two Companies being www.amatiglobal.co/avct.php and www.amatiglobal.com/avct2.php.

Intention to Issue a Supplementary Prospectus with the Potential Merger

The portfolios of the Amati VCTs have been managed with the same mandates now for seven years, and have therefore become substantially aligned. Where there are distinct historic holdings, principally Craneware and Sprue Aegis in the case of Amati VCT and Accesso and Brooks Macdonald in Amati VCT 2, these would all remain significant holdings in a combined portfolio, with the additional diversification being beneficial for both sets of shareholders.

As a result, the Boards of both VCTs believe that the cost savings which can be achieved by merging the two companies are a compelling reason to do so, as they should result in lowering the ongoing charges by around 0.25% per year, which goes directly to boosting shareholder returns by the same amount.

However, the decision to merge has been held up by a particular aspect of the VCT legislation (S264A of ITA 2007, "S264A") which could prove detrimental to those shareholders who, since April 2014, have sold one Amati VCT and bought the other within a six month period, as these may be seen retrospectively as a Linked Sale with the result that there may be a withdrawal of that shareholder's income tax relief in respect of the purchase up to the value of the sale proceeds. The Boards have received assurances from HMRC that this impact following a merger between VCTs was not an intended consequence of the legislation. The Directors hope that this point of law will be further clarified in the coming months. Once sufficient comfort has been received on this point, or other arrangements have been made to address it, the Directors would intend to put the Potential Merger to Shareholders. This would require the Companies to issue a Supplementary Prospectus at that point. It is expected that the Companies would also at that time each issue a Circular

to their shareholders setting out the steps to be taken towards a Potential Merger and putting these to a vote. For various technical reasons, it is envisaged that if the Potential Merger completes the ongoing entity would be Amati VCT 2 (see Part III, page 52). Under this Prospectus the Directors have reserved up to 55 million Consideration Shares, that will be issued by Amati VCT 2 to Amati VCT shareholders to facilitate the Potential Merger.

Proceeding in this manner would allow the Potential Merger to conclude both in a timely fashion and in a way that allows any additional costs to be minimised, whilst at the same time seeking to protect the interests of shareholders who might have been adversely impacted through the inadvertent creation of Linked Sales as a result of the Potential Merger.

Shareholders should note that if the Potential Merger proceeds, they should not subscribe for new shares in the merged entity if they have sold shares in either of the Amati VCTs in the preceding 6 months. Such sales would be classified as Linked Sales, and they would not be able to claim income tax relief based on the new subscription. Irrespective of whether the merger proceeds, it would also be prudent not to subscribe to one of the Amati VCTs under the current Offers if you have sold or intend to sell shares in either of the Amati VCTs in the six months either side of the subscription until the application of S264A is addressed and clarified.

Further details on the expected terms of the Potential Merger are set out on page 52 in Part III.

Risk factors

Shareholders are referred to the risk factors set out on pages 15 to 18 of this document.

Action to be taken

Persons wishing to participate in either or both of the Offers should complete an application form and return it together with any required documentation to Share Registrars Limited.

Yours sincerely

Peter Lawrence, Chairman
Amati VCT plc

Julian Avery, Chairman
Amati VCT 2 plc

If you have any queries on the Offers or the other matters set out above, you should contact your independent financial adviser in the first instance or Amati Global Investors by telephone on 0131 503 9115 or by email at info@amatiglobal.com. The suitability (or otherwise) of any investment in either Company will depend on your individual circumstances and Amati Global Investors Limited will not be able to provide investment advice in connection with any investment in the Companies.

PART I : AMATI VCT plc AND AMATI VCT 2 plc

1. INTRODUCTION

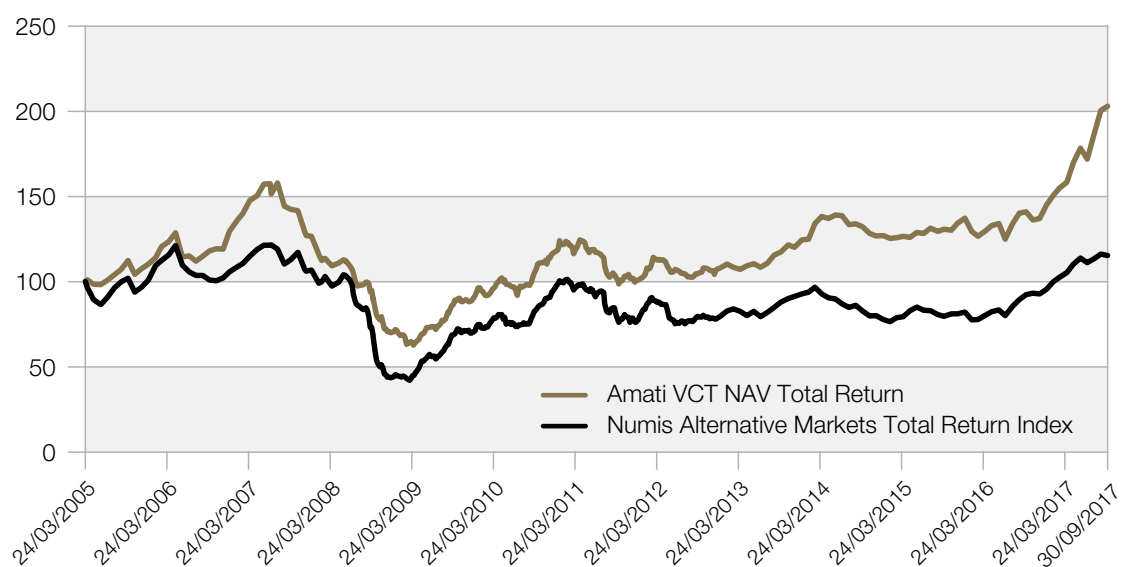
The objective of the Companies is to provide an attractive return to Shareholders. The Companies seek to generate tax-free capital gains and income by building and maintaining a well-balanced portfolio of Qualifying Investments for the purposes of the tax legislation under which the Companies operate. The Qualifying Investments are predominantly in AIM-traded companies or companies expected to be traded on AIM in the future. The Companies are managed as venture capital trusts in order that Shareholders may benefit from the tax reliefs available.

2. INVESTOR RETURNS

2.1 AMATI VCT plc

The following table and graph show the NAV Total Return performance of Amati VCT over certain periods since its launch on 24 March 2005 to 30 September 2017 (and assuming that dividends are re-invested on the ex-dividend date), together with a comparison against the Numis Alternative Markets Total Return Index.

Time Period	1 yr	3yr	5yr	Since Launch
NAV % Return	44.0	53.4	93.0	102.9
Index % Return	24.8	39.1	45.7	15.3
Performance Relative to Index %	19.2	14.2	47.3	87.6



Below is a table indicating the returns to Shareholders in Amati VCT plc as at 30 September 2017 for selected allotments by Amati VCT plc of Existing Ordinary Shares in each of the tax years since it floated in March 2005.

Date	Price gross of costs	Price net of costs	Price gross after tax rebate*	Total return excluding subscription costs and tax rebate	Total return including full subscription costs and tax rebate*
Initial Offer	100.0p	94.8p	60.0p	102.9%	220.4%
4 April 2006	123.5p	117.0p	74.1p	64.3%	159.4%
21 March 2007	133.0p	130.3p	93.1p	44.7%	102.6%
4 April 2008	96.5p	91.7p	67.6p	85.6%	151.9%
3 April 2009	54.5p	51.8p	38.2p	221.6%	336.5%
3 April 2010	79.2p	75.2p	55.4p	109.5%	184.3%
5 April 2011	93.2p	88.1p	65.2p	68.9%	128.1%
5 April 2012	81.8p	77.7p	57.3p	79.7%	143.8%
5 April 2013	72.6p	69.0p	50.8p	88.6%	155.9%
4 April 2014	85.7p	81.5p	60.0p	48.9%	102.1%
2 April 2015	71.6p	70.8p	50.1p	60.4%	126.8%
5 April 2016	68.3p	67.6p	47.8p	56.4%	121.2%
5 April 2017	77.8p	77.0p	54.5p	28.1%	81.2%

* assumes full recovery of tax relief (prior to 6 April 2016 at 40% of monies subscribed; subsequent years at 30%)

2.2 AMATI VCT 2 plc

The following table shows the NAV Total Return performance of Amati VCT 2 over certain periods to 30 September 2017 (and assuming that dividends are re-invested on the ex-dividend date), together with a comparison against the Numis Alternative Markets Total Return Index.

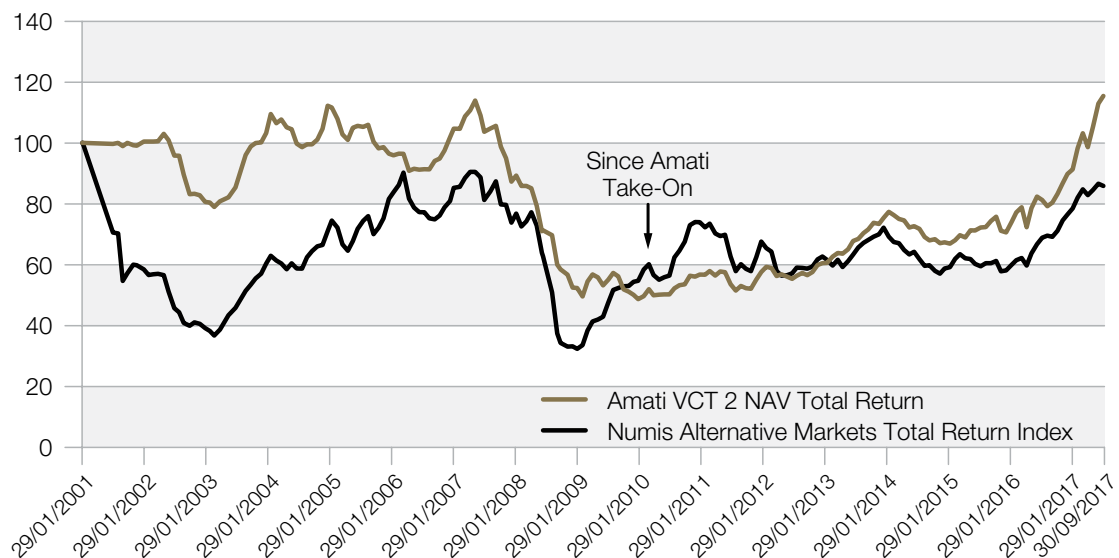
Time Period	*Since Take-on (25 March 2010)	**Since Merger (8 November 2011)	1 yr	3yr	5yr	***Since Launch
NAV % Return	128.9	118.1	42.2	61.0	105.2	15.5
Index % Return	46.5	42.5	24.8	39.1	45.7	-14.1
Performance Relative to Index	82.4	75.6	17.4	21.9	59.6	29.6

* Take-on of management contract by the Manager: 25 March 2010

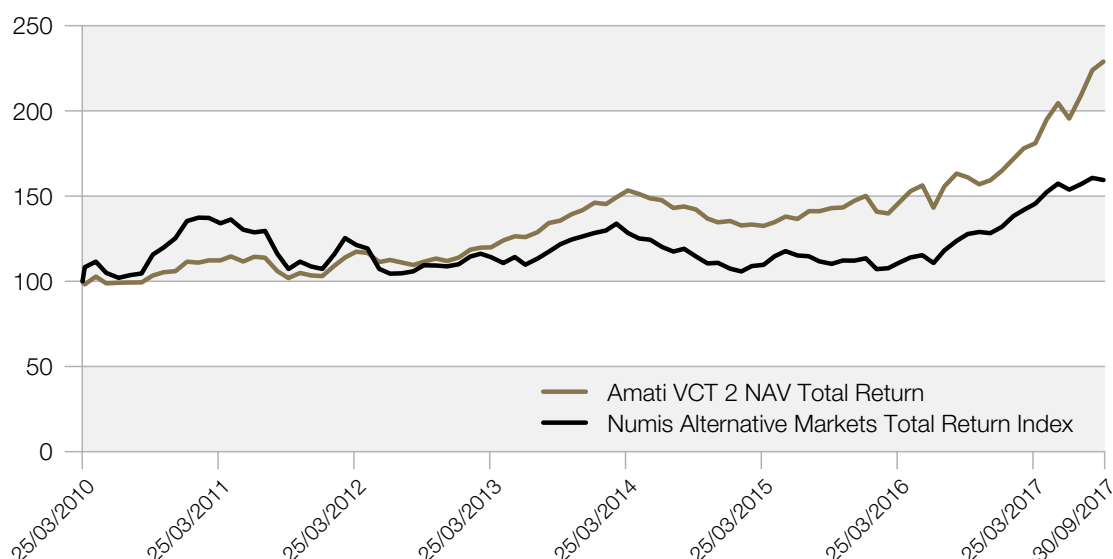
** Merger: 8 November 2011

*** Launch: 29 January 2001

The following graphs show the NAV Total Return performance of Amati VCT 2 to 30 September 2017, both since its inception as Singer & Friedlander AIM VCT 3 in 2001 and since the change of manager to Amati on 25 March 2010.



From change of manager to Amati Global Investors on 25 March 2010 to 30 September 2017.



The following table shows historic returns to 30 September 2017 attributable to shares issued by the original VCTs which have gone into making up Amati VCT 2, prior to being managed by Amati.

	Launch date	NAV total return with dividends re-invested	NAV total return with dividends not re-invested	Numis Alternative Markets Total Return Index
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	26.6	9.9	19.6
Invesco Perpetual AIM VCT	30 July 2004	12.1	-14.5	46.5
Singer & Friedlander AIM 3 VCT	29 January 2001	15.5	0.1	-14.1
Singer & Friedlander AIM VCT	28 September 1998	-39.6	-25.3	33.4
Singer & Friedlander AIM 2 VCT	29 February 2000	-11.5	-23.1	-56.2

3. THE DIRECTORS

3.1 AMATI VCT plc

The Amati VCT plc Board comprises four Directors, all of whom are non-executive and independent of the Manager. Although the management of the Company's portfolio has been delegated to the Manager, the Directors retain overall responsibility for the Company's affairs. The Articles require the Directors to notify the Company of any interest they may have which may potentially conflict with their duties to the Company, and allow the independent Directors (those Directors who do not have a conflict of interest) to authorise any potential conflict which a Director may have.

A short biography on each of the Directors is set out below:

Peter Lawrence is chairman of the Company. He is also chairman of ECO Animal Health Group plc and non-executive Chairman of Anpario plc, which are both traded on AIM. He is a director of Higher Nature Ltd and a director of Algatechnologies Ltd, which is backed by private equity. He is also chairman of Baronsmead Venture Trust plc. He has been a director of the Company since January 2005.

Charles Pinney was until November 2016 a director of Baronsmead VCT 5 plc. He was also chairman of ProVen Health VCT plc until 2013. From 1994 until 2003 he was a director of Barclays Private Bank Limited with overall responsibility for the operations of the investment department. From 2003 to 2009 he was a consultant to Rathbones Investment Management. He is a fellow of both the Association of Chartered Certified Accountants and the Chartered Institute for Securities & Investment and is a former director of APCIMS (Association of Private Client Investment Managers and Stockbrokers). He has been a director of the Company since January 2005.

Brian Scouler spent 25 years in Private Equity with Charterhouse, Royal Bank of Scotland and Dunedin. He has wide experience of buying and selling private companies and investment portfolio management, sitting on numerous investee company boards. He was formerly manager of a quoted investment trust and a member of the steering committee of LPEQ, the listed private equity group. He is a Chartered Accountant with a number of non-executive and advisory appointments. He was appointed a director of the Company in October 2011.

Julia Henderson has specialised in advising quoted and unquoted companies for over thirty years. Her corporate finance career began at ANZ Merchant Bank after which she became a co-founder of Beeson Gregory Limited, a mid-market investment bank. Since 2004 she has been an independent consultant, chairman and non-executive director to companies across a broad range of sectors. Previous non-executive directorships include ECO Animal Health Group plc, GTL Resources plc, Alkane Energy plc and TP Group plc. She was appointed a director of the Company in July 2013.

3.2 AMATI VCT 2 plc

The Board comprises three Directors, all of whom are non-executive and independent of the Manager. Although the management of the Company's portfolio has been delegated to the Manager, the Directors retain overall responsibility for the Company's affairs. The Articles require the Directors to notify the Company of any interest they may have which may potentially conflict with their duties to the Company, and allow the independent Directors (those Directors who do not have a conflict of interest) to authorise any potential conflict which a Director may have.

A short biography on each of the Directors is set out below:

Julian Avery is Chairman of the Company. He is a solicitor and was chief executive of Wellington Underwriting plc until September 2004. He was a non-executive director of Aspen Insurance Holdings Limited until May 2007 and chairman of Equity Insurance Group until its acquisition by the Australian insurance group, IAG in January 2007. He was a non-executive director of Warner Estate Holdings plc and Charles Taylor plc. He was also previously a senior adviser to Fenchurch Advisory Partners.

Mike Killingley is a former non-executive chairman of a number of AIM and listed companies, including Beale plc, Southern Vectis plc, Conder Environmental plc and Advanced Technology (UK) plc, and a former non-executive director of AIM-quoted Falkland Islands Holdings plc. He was a senior partner with KPMG, chartered accountants, from 1988 until retiring from the firm in 1998; he is Chairman of the audit committee of the Company and the senior independent director.

Susannah Nicklin is an investment and financial services professional with 20 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures and the Global Impact Investing Network. Susannah is a non-executive director and senior independent director at Pantheon International Plc and a member of the investment committee of private equity fund Impact Ventures UK. She holds the Chartered Financial Analyst credential from the CFA Institute and is a member of Step Enterprise.

4. THE AIC CODE AND THE UK CORPORATE GOVERNANCE CODE

The Boards of both Companies recognise the importance of sound corporate governance. The Boards have each considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Companies, as venture capital trusts.

The Companies comply with the AIC Code and have done so during their financial years ending 31 January 2017 (Amati VCT 2) and 29 February 2017 (Amati VCT). As at the date of this document, the Companies also comply with the relevant provisions of the UK Corporate Governance Code except as set out below.

For the reasons set out in the AIC Guide, and in the preamble to the UK Corporate Governance Code, the Boards consider that the Combined Code provisions relating to the role of chief executive, executive director's remuneration, and the need for an internal audit function, are not relevant to the position of the Companies, both being externally managed investment companies.

Amati VCT 2 has appointed Mike Killingley as the senior independent director. Amati VCT has not appointed a senior independent director as it does not consider it necessary given the small size of the Board. In view of the Directors being non-executive directors and the requirement of the Articles that all Directors retire by rotation, neither Board considers that it is appropriate for the Directors to be appointed for a specified term as recommended by the UK Corporate Governance Code. The Board of Amati VCT 2 has agreed that each of the Directors of Amati VCT 2 are appointed for a period of up to three years and are subject to re-election by shareholders at the first annual general meeting after their appointment. Thereafter the Directors will stand for annual re-election. The Board of Amati VCT has agreed that each of the Directors is subject to retirement and re-election on an annual basis.

The Board of Amati VCT has constituted three standing committees to make recommendations to the Board: the audit committee, the remuneration and management engagement committee and the nomination committee. The Board of Amati VCT 2 has constituted one standing committee to make recommendations to the Board: the audit committee. These have been established with appropriate terms of reference, and the committees' membership comprises all of the directors of the Company except that Julian Avery is not a member of the Amati VCT 2 audit committee. The Board of Amati VCT 2 has taken the decision that it does not need to have a separate remuneration committee as the Company has no employees or executive directors.

5. THE MANAGER

Amati Global Investors Limited (formerly Noble Fund Managers Limited and trading under the commercial name Amati Global Investors) is the investment manager to the Companies, and was appointed in June 2007 to manage Amati VCT plc and then in March 2010 to manage ViCTory VCT PLC which is now Amati VCT 2 plc. The Manager was incorporated and registered in Scotland on 15 September 1999 as a private company with registered number SC199908 at registered office address 18 Charlotte Square, Edinburgh EH2 4DF. The Manager's telephone number is 0131 503 9100. Amati Global Investors 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, which was the fund manager of Amati VCT plc (then called Noble AIM VCT). Amati Global Partners LLP is 49% owned by Mattioli Woods plc and 51% owned by the staff of Amati Global Investors Limited.

In addition to Amati VCT plc and Amati VCT 2 plc, Amati Global Investors manages the TB Amati UK Smaller Companies Fund and the Amati AIM IHT Portfolio Service. From inception in December 1998 until July 2008 the fund was called First State British Smaller Companies Fund, being part of First State Investments OEIC. It then became CF Noble UK Smaller Companies Fund, as part of a new OEIC. It was renamed CF Amati UK Smaller Companies Fund in July 2010. In August 2012 T Bailey replaced Capita as Authorised Corporate Director for the fund and it was renamed TB Amati UK Smaller Companies Fund. The performance of the Fund has been recognised in a number of awards and ratings, which generally compare the level of returns achieved with the volatility of those returns.

The Amati AIM IHT Portfolio Service was launched by Amati Global Investors in August 2014. The Service operates on the basis of a Model Portfolio of AIM-quoted stocks, which provides the template for the discretionary management of portfolios held by clients of wealth managers and other intermediaries.

5.1 THE VCT INVESTMENT MANAGEMENT TEAM

Dr Paul Jourdan, Douglas Lawson and David Stevenson are the principal fund managers responsible for the investment portfolio. Details on these individuals are set out below:

Dr Paul Jourdan is an award winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory, which was taken over by First State in 2000 at which time Paul became manager of what is now TB Amati UK Smaller Companies Fund. In early 2005 he launched what is now Amati VCT and he also manages Amati VCT 2 after the investment management contract moved to Amati Global Investors in 2010. In September 2014 Amati launched the Amati AIM IHT Portfolio Service, which Paul co-manages with Douglas Lawson and David Stevenson. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He is CEO and director of Amati Global Investors and a Director of Sistema Scotland.

Douglas Lawson co-founded Amati Global Investors with Paul Jourdan. Prior to this he worked in corporate finance and private equity, initially focusing on middle market UK private equity and listed company M&A at British Linen Advisors, and latterly as an investment manager in the private equity team at Noble. Douglas has co-managed the TB Amati UK Smaller Companies Fund and Amati VCT since 2009, Amati VCT 2 since 2010 and the Amati AIM IHT Portfolio Service since 2014. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002. He is a Director of Amati Global Investors.

David Stevenson joined Amati Global Investors in 2012. In 2005 he was a co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. Prior to that he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile for the 5 year period from inception to 2005. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin Fund Managers. David has co-managed the TB Amati UK Smaller Companies Fund and the Amati VCTs since 2012 and the Amati AIM IHT Portfolio Service since 2014.

6. INVESTMENT POLICY OF AMATI VCT AND AMATI VCT 2

6.1 Investment Objectives

The investment objectives of the Companies are to generate tax free capital gains and regular dividend income for their shareholders, primarily through Qualifying Investments in AIM-traded companies and through Non-Qualifying Investments as allowed by the VCT legislation. The Companies will manage their portfolios to comply with the requirements of the rules and regulations applicable to VCTs from time to time. The Companies' policy is to hold diversified portfolios across a broad range of sectors to mitigate risk.

6.2 Investment Parameters

Whilst the objective is to make Qualifying Investments primarily in companies traded on AIM or on NEX, the Companies may also make Qualifying Investments in companies likely to seek a quotation on AIM or NEX. With regard to the Non-Qualifying portfolios the Companies make investments which are permitted under the VCT regulations, including shares or units in an Alternative Investment Fund (AIF) or an Undertakings for Collective Investment in Transferable Securities (UCITS) fund, and shares in other companies which are listed on a regulated market such as the Main Market of the London Stock Exchange. For continued approval as a VCT under the ITA the Companies must, within three years of raising funds, maintain at least 70% of their value (based on cost price, or last price paid per share if there is an addition to the holding) in qualifying investments. Any investments by the Companies in shares or securities of another company must not represent more than 15% of that Company's net asset value at the time of purchase.

7. STRATEGY FOR ACHIEVING OBJECTIVES

The strategy for achieving objectives as outlined in 7.1 and 7.2 does not form part of the formal Investment Policy. Any material amendment to the formal Investment Policy above may only be made with shareholder consent, and that consent applies only to the formal Investment Policy above and not to any part of what follows below.

7.1 Qualifying Investments Strategy of the Companies

The Companies are likely to be a term investors in most Qualifying Investments, with sales generally only being made where an investment case has deteriorated or been found to be flawed, or to realise profits, adjust portfolio weightings, fund new investments or pay dividends. Construction of the portfolio of Qualifying Investments is driven by the historic investments made by the Company and by the availability of suitable new investment opportunities. The Manager may co-invest in companies in which other funds managed by Amati Global Investors invest.

7.2 Non-Qualifying Investments Strategy of the Companies

The assets of the portfolios which are not in Qualifying Investments will be invested by the Manager in investments which are allowable under the rules applicable to VCTs. Currently cash not needed in the short term is invested in a combination of the following (though ensuring that no more than 15% of the Companies' funds are invested in any one entity at the time of purchase):

- (i) the TB Amati UK Smaller Companies Fund (which is a UCITS fund), or other UCITS funds approved by the Board;
- (ii) direct equity investments in small and mid-sized companies and debt securities in each case listed on the Main Market of the London Stock Exchange; and
- (iii) cash or cash equivalents (including money market funds) which are redeemable within 7 days.

7.3 Borrowing Policies

Amati VCT and Amati VCT 2 may each, within the limits set out in their respective Articles, utilise borrowings to provide flexibility in their investment and dividend policies.

The Articles of Amati VCT allow it to borrow up to an amount equal to 25% of its adjusted capital and reserves (as defined in the Articles). It may borrow more than that limit with the previous sanction of an ordinary resolution of Shareholders of Amati VCT.

The Articles of Amati VCT 2 allow it to borrow up to an amount equal to its adjusted capital and reserves (as defined in the Articles). However, the Board of Amati VCT 2 has indicated that it will restrict the borrowings of Amati VCT 2 to an amount which will not, without the previous sanction of an ordinary resolution by Shareholders of Amati VCT 2, exceed an amount equal to 25% of the adjusted capital and reserves.

Each Company's policy is to use borrowing for short term liquidity purposes only. As at the date of this document the Companies have no borrowing facilities in place.

7.4 Change in Investment Policy

A material change in the Investment Policy of either Company will only be effected with Shareholders' approval in accordance with the Listing Rules.

8. INVESTMENT PROCESS

The following description of Amati's investment process is intended to provide a general description of the work Amati typically carries out in performing its role as fund manager for the Companies, and it should not be taken as providing a guarantee that any specific action will be taken in relation to an investment decision. It should be noted that the investment process may change over time. Due to the differing requirements of Qualifying Investments and Non-Qualifying Investments, the investment process adopted by Amati for each is distinct. The differences are outlined below.

8.1 Qualifying Investments

Qualifying investment opportunities arise when a company that satisfies the qualifying tests raises new capital. This may be as part of an Initial Public Offering or a Secondary Offering on AIM, or it may be raising new capital as a private company. The primary source of AIM quoted investment opportunities is the Manager's network of broker contacts. On occasion, the Manager will initiate and negotiate investments directly with companies, particularly where the investment takes the form of a convertible loan. Following the initial introduction, Amati logs the investment in a proprietary database maintained for this purpose, and it will be taken up by one of the fund managers for an initial review. Normally this will be the fund manager who covers the relevant industry sector. Based on the initial review, the fund manager will accept or reject a meeting with the company's management.

Following a meeting, the fund manager will undertake due diligence, which will include:

- Review of the Pathfinder document, or whatever other information is available relating to the fund raising
- Review of the introducing broker's research note and discussion with its author, as well as any relevant third party research available to the Manager
- Review of other information published by the company

The review process is also likely to include some or all of the following:

- Review of industry and other third party information sources
- Conversations and meetings with industry specialists known to the Manager
- Financial modelling and valuation analysis
- Site visit.

Notes from meetings and document reviews are stored within a proprietary database, which acts as a library of work conducted on each company by the fund managers. The conclusion of the reviewing fund manager's investigations is then discussed with the other fund managers and a decision is taken on whether to proceed with the investment.

If a company is selected in which both Companies intend to invest, the order will be allocated between the Companies in accordance with the Manager's agreed written co-investment policy. The policy is monitored by the Boards of the Companies.

If an investment is made, the Manager will normally look to hold ongoing discussions with the company at least twice per year, as part of the ongoing portfolio monitoring. The Manager holds regular portfolio review meetings where all holdings are reviewed and decisions are made to retain or exit through market sales.

8.2 Non-Qualifying Investments

The large majority of the Companies' Non-Qualifying Investment is held through a holding in the TB Amati UK Smaller Companies Fund, which is an award winning open-ended investment company investing in companies listed in London. The team at Amati also manages this fund, which complies with the Investment Association (IA) sector classification requiring that 80% of the portfolio is invested in the bottom 10% by value of listed companies domiciled in the UK, giving a target universe ranging from the Alternative Investment Market ("AIM") to fully listed constituents of the Small Cap and Mid 250 indices. In conducting their company research for this fund the Managers divide up the universe by sector, so as to develop particular industry expertise, and apply a range of quality filters to focus on the stocks which are likely to be of most interest.

Where Non-Qualifying investments are made in individual companies, such investments are likely to be held or to be bought by this fund too. In these cases the Managers look to buy companies which provide either better liquidity than that typically found with Qualifying Investments, or industry exposure which is not normally represented by Qualifying Investments, thus increasing the diversification of the portfolio as a whole.

If a company is selected for the Non-Qualifying portfolios at the same time as TB Amati UK Smaller Companies Fund invests, the order will be allocated between the funds based on the Manager's co-investment policy. This policy is monitored by the Boards of the Companies.

Ongoing portfolio monitoring is conducted in the same way as for Qualifying Holdings.

8.3 Potential Investee Company Criteria

When analysing a company's suitability for investment the Investment Manager looks for a number of attributes:

- High barriers to entry
- Sustainable competitive advantage
- Innovation
- Revenue visibility and growth
- Pricing power
- Balance sheet adequacy and the ability to finance growth
- Incentivised management team with good track record

Particular attention will also be paid to areas of the market which the Investment Manager believes are overlooked either due to size and, therefore, lack of broker coverage; or because the company is operating in an out of favour sector.

At the same time as appraising a company for its positive attributes, the Investment Manager tries to avoid a number of negative features, which could include the following:

- Aggressive accounting flattering revenues, profits and finances
- Consistently reporting 'exceptional' and 'restructuring' costs
- Competitive threats from larger companies with greater operating scale, or from new technologies
- Unexpected cash calls
- Significant liabilities – debt, lease, pensions
- Lumpy, irregular income

8.4 Co-Investment and Conflicts of Interest

The Manager may act as investment manager or adviser to various clients other than the Companies. Investment opportunities identified as suitable for the Companies may also be suitable for such other clients.

As a regulated entity, the Manager has in place procedures by which it ensures compliance with FCA regulations governing equality of treatment for different clients and, subject always to the provisions of these regulations, the Manager will seek to ensure that the Companies are not disadvantaged in relation to any other fund or entity managed or advised by the Manager. The Manager's written allocation policy is reviewed at least annually and amended as appropriate.

In managing the portfolio, the Manager may combine orders for the Companies or either one of them with those of its other clients. This procedure may operate on some occasions to the advantage of the Companies and on others to its disadvantage.

8.5 Valuation Policy

Quoted investments are valued at bid price in accordance with International Financial Reporting Standards. Amati VCT uses the London Stock Exchange Daily Official List closing bid prices for the calculation of its reported Net Asset Values and Amati VCT 2 uses the London Market Maker closing bid prices for the calculation of its reported Net Asset values. However, for the calculation of the Adjusted Net Asset Values for the purposes of determining the Offer Price(s) for the Offers, the Companies will use the **mid-price** values of the London Market Maker closing bid and ask prices so as to ensure equitable treatment. The Directors of each Company and the Manager will consider the need for discounts if appropriate.

Unquoted investments are priced at the Manager's valuation in accordance with International Private Equity Venture Capital Valuation Guidelines. The valuation is established by using measurements of value such as price of recent investment, earnings multiple and net assets; where no reliable fair value can be estimated using such valuation techniques, unquoted investments are carried at cost subject to provision for impairment where necessary.

The Manager values the Companies' individual assets and Capita Asset Services calculates the Companies' Net Asset Values on a weekly basis (the weekly net asset value taking into account weekly changes in market prices of the listed and traded investments of the Companies, together with any significant change in the value of any other investment of the Companies). The Company Secretary then announces the Net Asset Value through a Regulatory Information Service announcement. Each Company's valuation is considered in more detail by the respective Board at board meetings, which take place a minimum of four times each year. The Directors do not anticipate any circumstances arising under which the publication of valuations may be suspended.

If an investee company suspends its share price this will be incorporated into the Companies' net assets at an amount determined by the Directors and will be communicated to Shareholders in the Companies' annual financial statements.

8.6 Exit Opportunities

One of the advantages of investing into publicly quoted companies is that exits can be made at the choosing of any of the underlying shareholders, subject to the liquidity (ease of buying and selling) of the stock itself. This means that the Manager can plan to: a) exit a holding in its entirety; b) reduce the position size; or c) maintain investments for the long term in Qualifying Holdings where the Manager believes that the investment case remains attractive. It is this latter course that the Manager has been following since 2015. This approach, often colloquially referred to “running your winners” advocates retaining companies that have performed well in the past into the future rather than exiting to crystallise a profit purely on the basis that the share price has gone up. (By “performing”, the Manager is referring to the growth in the fundamentals of the business (revenues, profits and cashflows) as well as growth in the share price.) This approach has resulted in the Companies building up significant portfolio weightings in their most attractive and successful investments. Due to the success of these holdings, and the resulting valuation appreciation over time, these investments tend to be the largest businesses in the portfolio. Where the Manager believes that the portfolio weighting has exceeded appropriate levels, they will seek to reduce the position size by selling a portion of the holding on the market - just as these holdings tend to be the largest in the portfolio by market capitalisation, they tend to become the most liquid (by virtue of the higher capitalisations).

9. OTHER INFORMATION

9.1 AMATI VCT plc

9.1.1 Investment Management Arrangements

Under the Investment Management and Administration Agreement (the “IMA”), Amati VCT plc has agreed to pay to the Manager a quarterly fee of 0.4375% (i.e. 1.75% per annum) of the net asset value of the Company, payable quarterly in arrears.

The Manager makes or has made a small number of investments in private companies or unquoted convertible loan instruments in AIM-quoted companies. In these cases a deal fee may be paid to the Manager by the investee company, out of which legal expenses and other associated costs arising from the investment are covered. If such deals are aborted the Manager pays for any costs which have arisen. Where the Manager appoints a non-executive director to the board of an investee company they will generally be paid by the investee company in line with other non-executive directors. This payment may also take the form of a monitoring fee.

Any trail commissions paid to intermediaries are paid by the Manager.

The appointment of the Manager as investment manager may be terminated by either party on one year's notice. The appointment of the Manager as administrator and company secretary may be terminated on one year's notice (as indicated below, the Manager has delegated the company secretarial function). The Manager's appointment may also be terminated at any time without compensation if at any time the Manager is, *inter alia*, unable to pay its debts or goes into receivership or administration or is guilty of any material breach of duty or negligence in relation to the performance of its duties under the IMA. The IMA may also be terminated at any time, without compensation being payable to the Manager, if Paul Jourdan ceases to work on a day-to-day basis in the management of the Company's investment portfolio, unless he is replaced with person(s) acceptable to the Board, at its sole discretion.

A resolution will be put to Shareholders at each annual general meeting of the Company to determine if the IMA with the Manager should continue.

Further details of the IMA are set out in paragraph 7(i) of Part VI (A) of this document.

9.1.2 Administration Arrangements

Under the IMA, the Manager has also agreed to provide secretarial and administration services for Amati VCT plc. The Manager has engaged The City Partnership (UK) Limited to act as Company Secretary and Capita Asset Services to act as Fund Administrator. A fee increased in line with the retail prices index is payable by Amati VCT plc to the Manager for these services and the current fee is £69,000 per annum. These services are subject to termination by either Amati VCT plc or the Manager on 12 months' written notice. The performance figures quoted for Amati VCT plc in this document are net of all fees and charges, whether paid or accrued.

9.1.3 Custody Arrangements

The custodian to Amati VCT plc is Jarvis Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority and whose registered office is 78 Mount Ephraim, Royal Tunbridge Wells, Kent, TN4 8BS. In addition from time to time Rooney Nimmo provides safe keeping for physical certificates for securities owned by the Companies.

9.1.4 Dividend Policy

The Directors aim to pay dividends of between 5% and 6% of net asset value per year, with the authority to increase or decrease this level at the Directors' discretion. Amati VCT plc's ability to pay future dividends at this level will depend, inter alia, on adequate liquidity being achieved and the availability of distributable reserves. The Board considers that the above dividend policy will provide both a good level of cash return to Shareholders and underpin the ongoing strength of Amati VCT plc by allowing for a level of capital growth.

Venture capital trusts can distribute realised capital profits from the sale of underlying investments and income by way of dividends, which are free of income tax to Qualifying Subscribers. The Directors intend that Amati VCT plc will take advantage of this by distributing some or all of its realised profits from time to time. Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. In the event that the Directors deem it prudent and, subject to the legislation governing the Company, interim and exceptional dividends may also be paid by Amati VCT plc. Forecasts of dividends should not be treated as profit forecasts.

Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, may complete a mandate form for this purpose. A dividend mandate form is provided as part of each Subscription Form at the back of this document. Further dividend mandate forms may be obtained from the Company's Registrar.

9.2 AMATI VCT 2 plc

9.2.1 Investment Management Arrangements

Under the investment management and administration agreement (the "IMA") dated 19 March 2010, Amati VCT 2 plc has agreed to pay to the Manager a quarterly fee of 0.4375% (i.e. 1.75% per annum) of the net asset value of the Company, payable in arrears.

The Manager makes or has made a small number of investments in private companies or unquoted convertible loan instruments in AIM-quoted companies. In these cases a deal fee may be paid to the Manager by the investee company, out of which legal expenses and other associated costs arising from the investment are covered. If such deals are aborted the Manager pays for any costs which have arisen. Where the Manager appoints a non-executive director to the board of an investee company they will generally be paid by the investee company in line with other non-executive directors. This payment may also take the form of a monitoring fee.

Any trail commissions paid to intermediaries are paid by the Manager.

Either party may terminate the IMA on one year's notice. The appointment of the Manager as administrator and company secretary may be terminated on one year's notice (as indicated below, the Manager has delegated the company secretarial function). The Manager's appointment may also be terminated at any time if at any time the Manager is, inter alia, unable to pay its debts or goes into receivership or administration or an order is made or a resolution passed for the winding up of the Manager, the Manager becomes insolvent or stops or threatens to stop carrying on its business or payment of its debts or makes any arrangement with its creditors generally, a receiver or administrator is appointed, the Manager is found liable for material breach of duty or negligence or material breach of contract, Paul Jourdan ceases to work on a day-to-day business in the management of the Company's investment portfolio, or the Manager undergoes a change of control which Amati VCT 2 considers will have a materially adverse effect on the services to be provided.

Further details of the IMA are set out in paragraph 7(ii) of Part VI (B) of this document.

9.2.2 Administration Arrangements

Under the IMA, the Manager has also agreed to provide certain company secretarial and administrative services to Amati VCT 2 plc. The Manager has engaged The City Partnership (UK) Limited to act as Company Secretary and Capita Asset Services to act as Fund Administrator. Amati VCT 2 plc has agreed to pay to the Manager a fee increased in line with the retail prices index annually in arrears in respect of the provision of these services and the current fee is £76,000 per annum.

The appointment of the Manager as investment manager and/or administrator and company secretary may be terminated on one year's notice.

9.2.3 Custody Arrangements

The custodian to Amati VCT 2 is Bank of New York Mellon SA/NV, which is authorised and regulated by the Financial Conduct Authority and whose address is 160 Queen Victoria Street, London, EC4V 4LA. In addition from time to time Rooney Nimmo provides safe keeping for physical certificates for securities owned by the Companies.

9.2.4 Dividend Policy

The Directors aim to pay dividends of between 5% and 6% of net asset value per year, with the authority to increase or decrease this level at the Directors' discretion. Amati VCT 2 plc's ability to pay future dividends at this level will depend, *inter alia*, on adequate liquidity being achieved and the availability of distributable reserves. The Board considers that the above dividend policy will provide both a good level of cash return to Shareholders and underpin the ongoing strength of Amati VCT 2 plc by allowing for a level of capital growth.

Venture capital trusts can distribute realised capital profits from the sale of underlying investments and income by way of dividends, which are free of income tax to Qualifying Subscribers. The Directors intend that Amati VCT 2 plc will take advantage of this by distributing some or all of its realised profits from time to time. Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. In the event that the Directors deem it prudent and, subject to the legislation governing the Company, interim and exceptional dividends may also be paid by Amati VCT 2 plc. Forecasts of dividends should not be treated as profit forecasts.

Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, may complete a mandate form for this purpose. A dividend mandate form is provided as part of each Subscription Form at the back of this document. Further dividend mandate forms may be obtained from the Company's Registrar.

9.3 BOTH COMPANIES

9.3.1 Dividend Re-Investment Schemes

Information on the Dividend Re-Investment Schemes operated by each Company is set out in Part IV of this document.

9.3.2 Buyback Policies

Each of the Companies wishes to ensure that there is liquidity in the Ordinary Shares and each intends to pursue an active discount management policy, subject to sufficient levels of distributable reserves, cash receipts and other requirements in the relevant accounting period.

The Directors of each of the Companies, therefore, intend that the Companies' buy back those Ordinary Shares which Shareholders wish to sell, subject to legislation governing the Companies (including the EU Market Abuse Regulations), the market conditions at the time and to the Companies having both funds and distributable reserves available for the purpose. Subject to legislative requirements, the Directors may utilise the proceeds of the Offers to fund share buybacks. Ordinary Shares which are bought back by the Companies will be cancelled. This buyback policy aims to support the Ordinary Share price by limiting the discount to net asset value at which Ordinary Shares trade. The making and timing of any share buybacks will remain at the absolute discretion of the Board and either Board may change its respective policy without prior notice. Under the current listing rules of the UKLA, the price paid for the Ordinary Shares cannot be more than the higher of (i) the amount equal to 105% of the average of the middle market quotations for the five business days immediately preceding the date on which the Ordinary Shares are purchased; (ii) the price of the last independent trade; and (iii) the highest then current independent bid on the London Stock Exchange.

9.3.3 Duration of the Companies

Although investments in VCTs are of a long term nature, with the full benefit of their tax reliefs being available to subscribers only where they hold their investments for more than 5 years, the Directors of each of the Companies believe that there should be an opportunity for Shareholders to consider the future of each Company at regular intervals.

The articles of association of Amati VCT provide that a continuation vote is to be proposed at the 2020 AGM and at every fifth AGM thereafter. If that vote is not passed, the articles provide that the Company would cease to make further share issues (except explicitly on the basis that such further shares may not be eligible for full VCT reliefs or that they may be withdrawn on such further shares), and the board is obliged to bring forward proposals for the Company to cease to be a VCT after the fifth anniversary of the latest share allotment prior to the vote, with a further vote being held annually in the meantime to confirm or overturn this decision. This will mean that the continuation vote can be held without jeopardising the tax status of recent investors.

The articles of association of Amati VCT 2 provide that a continuation vote is to be proposed at the 2020 AGM and at every fifth AGM thereafter. If that vote is not passed, the articles provide that the Company is to convene a general meeting within 9 months at which special resolutions are to be proposed for the reconstruction or reorganisation of the Company and, if that resolution is not passed, then a special resolution for the voluntary winding up of the Company. If neither resolution is passed then the Company continues as a VCT. This provides flexibility for the Company (subject to the relevant statutes and rules at the relevant time and commercial opportunities) to seek a tax efficient alternative for recent subscribers other than a winding up in addition to providing an option to wind up.

9.3.4 Shareholder Communication

Amati VCT's annual report and accounts are made up to the end of February in each year and these reports and accounts are normally sent to Shareholders in May of each year. Shareholders also receive half-yearly financial statements for the period to 31 August in each year, which will be unaudited. Amati VCT 2's annual report and accounts are made up to the end of January in each year and these report and accounts are normally sent to Shareholders in April of each year. Shareholders also receive half-yearly financial statements for the period to 31 July in each year, which will be unaudited.

The Companies' annual report and accounts will be presented to Shareholders for their consideration at the respective Company's annual general meeting. At the time, there will be the opportunity for Shareholders to be able to speak to the Directors or a member of the investment management team of the Manager to discuss the report and accounts or other procedural matters.

9.3.5 Further Issues

On 28 June 2017, by ordinary resolution, the Directors of Amati VCT were granted authority to allot 35,000,000 Ordinary Shares. On the same date, by special resolution, the Directors of Amati VCT were empowered to make such allotments without application of pre-emption rights. On the same date, Amati VCT was authorised to buy back 9,059,465 Ordinary Shares.

On 28 June 2017, by ordinary resolution, the Directors of Amati VCT 2 were granted authority to allot 25,000,000 Ordinary Shares. On the same date, by special resolution, the Directors of Amati VCT 2 were empowered to make such allotments without application of pre-emption rights. On the same date, Amati VCT 2 was authorised to buy back 5,175,523 Ordinary Shares.

9.3.6 HM Revenue & Customs Approval

The Directors of each Company manage that Company's affairs in order that they comply with legislation applicable to VCTs (in particular, section 274 of ITA). In this regard, the Companies have each retained Philip Hare & Associates LLP to advise on their VCT status. HMRC has confirmed that the Companies qualify as VCTs. Approval may be lost if the Companies subsequently cease to comply with certain other requirements relating to VCT status.

Any potential investor in doubt as to the tax reliefs associated with VCTs should consult their independent financial adviser authorised and regulated under the FSMA.

9.3.7 Mandatory takeover and/or squeeze-out and sellout rules

Amati VCT and Amati VCT 2 will be subject to the City Code on Takeovers and Mergers (**the "Code"**). Under rule 9 of the Code, if:

- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or
- (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

then, unless that person, and where appropriate any concert parties, have obtained the consent of the Panel on Takeovers and Mergers (**the "Panel"**), the acquirer may be required to make a cash offer for the outstanding shares of the company at a price not less than the highest price paid by the acquirer, or a concert party, for shares in the company in the preceding 12 month period.

Amati VCT and Amati VCT 2 are also subject to sections 974-991 of the 2006 Act. Under these sections, where a takeover offer is made, and the offeror acquires or contracts to acquire, not less than 90% of the shares to which the offer relates (where the 90% is both value of shares and voting rights) then the offeror is entitled to compulsorily require the holders of any shares who have not accepted the offer to transfer those shares to the offeror. The consideration offered to those who have declined any offer and whose shares are being compulsorily acquired must, generally, be the same as that offered under the takeover offer.

In addition to the above, under sections 983-985 of the 2006 Act, where a successful takeover offer is made, or the offeror acquires or contracts to acquire 90% of the shares (both to value and voting rights) then the holder of shares to which the offer relates and who has not accepted the offer may require the offeror to acquire those shares on the terms of the offer or on such other terms as may be agreed. The offeror is required within one month of such right arising to notify a shareholder who has not accepted the offer notice in the prescribed manner.

Other than as provided for by the 2006 Act and the Code, Amati VCT and Amati VCT 2 are not subject to any other rules relating to mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the Shares.

As at the date of this Prospectus, neither Amati VCT nor Amati VCT 2 are aware of the existence of any mandatory take-over bids or any attempt to acquire shares under any squeeze-out or sell-out rules.

PART II: FINANCIAL INFORMATION ON AMATI VCT plc AND AMATI VCT 2 plc

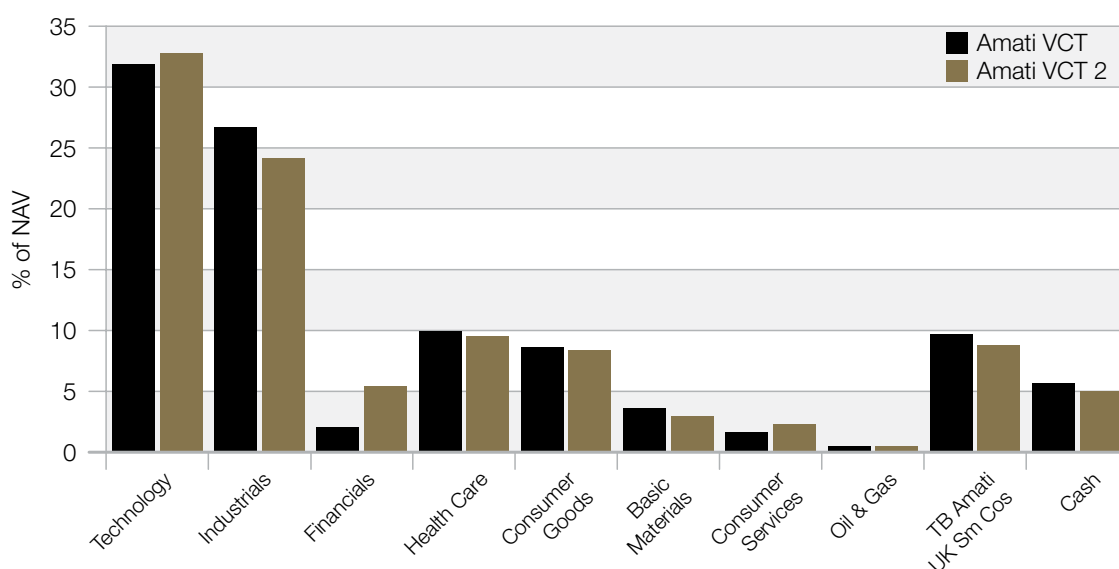
1. INVESTMENT PORTFOLIO

As at the 27 October 2017 (being the last practicable date prior to the publication of this document), the investment portfolio of Amati VCT plc consisted of equities and convertible loans in 59 companies (see pages 41 to 43 for the full list of holdings) which, as at 30 September 2017, had a combined unaudited market valuation of approximately £54.6 million together with certain other cash holdings. Given that Amati VCT plc, as advised by the Manager, follows an active investment style, the constituent investments and the weightings between the sectors within the portfolio are constantly under review and may change at any time in the event that the Manager considers it necessary or prudent. The unaudited net asset value of an Amati VCT plc Ordinary Share as at 30 September 2017 was 95.74p. As at the date of this document, there has been no material change in the figures set out below for Amati VCT since 30 September 2017.

As at 27 October 2017 (being the last practicable date prior to the publication of this document), the investment portfolio of Amati VCT 2 plc consisted of equities and convertible loans in 62 companies (see pages 41 to 43 for the full list of holdings) which, as at 30 September 2017, had a combined unaudited market valuation of approximately £52.2 million together with certain other cash holdings. Given that Amati VCT 2 plc, as advised by the Manager, follows an active investment style, the constituent investments and the weightings between the sectors within the portfolio are constantly under review and may change at any time in the event that the Manager considers it necessary or prudent. The unaudited net asset value of an Amati VCT 2 plc Ordinary Share as at 30 September 2017 was 159.78p. As at the date of this document, there has been no material change in the figures set out below for Amati VCT 2 since 30 September 2017.

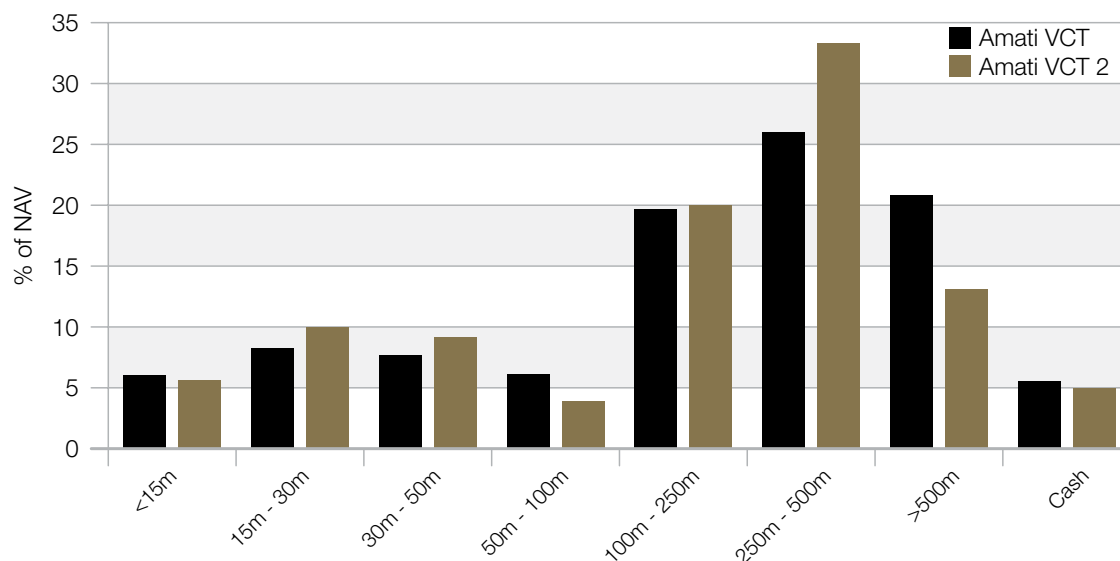
1.1 Sector Analysis

The portfolio of investments of the Companies as at 30 September 2017 is analysed in the graph below by sector and also gives the percentage of NAV represented by the TB Amati UK Smaller Companies Fund:



1.2 Market Capitalisation Analysis

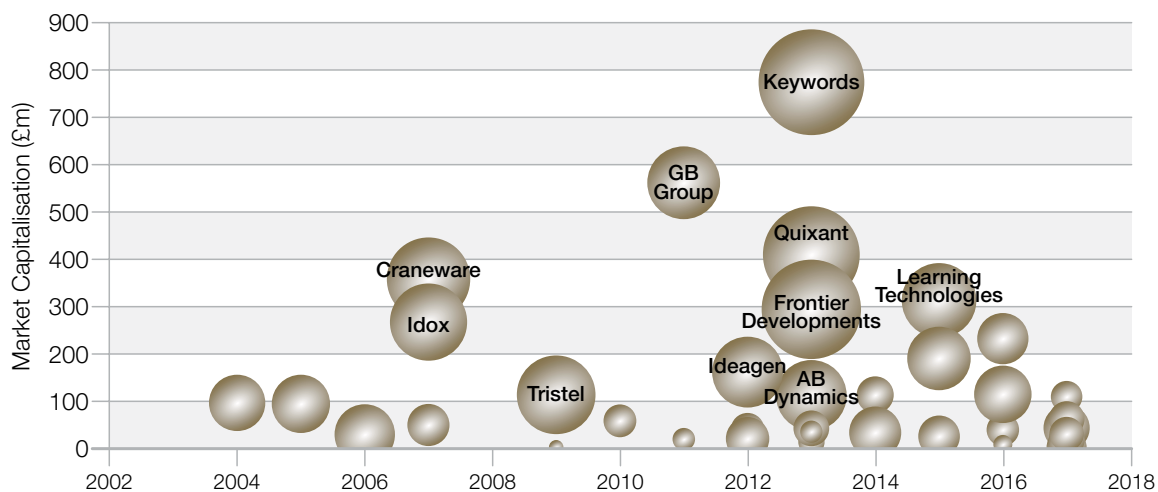
The portfolio of investments of the Companies as at 30 September 2017 is analysed in the graph below by market capitalisation:



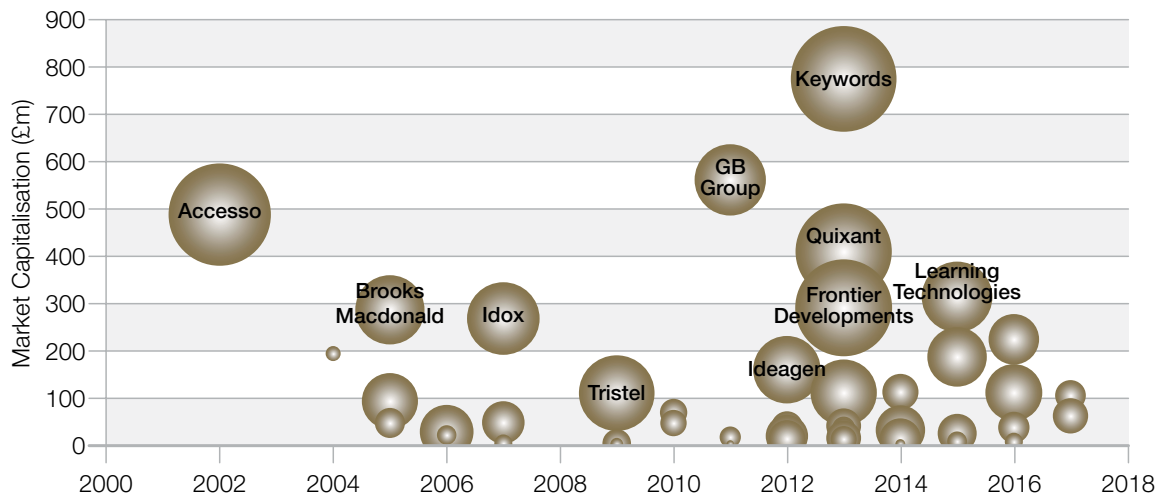
1.3 Qualifying Portfolio Analysis

The portfolio of qualifying investments in each Company as at 30 September 2017 is analysed in the bubble charts below by date of initial investment and market capitalisation. The size of the circles represents the relative size of the holdings in the portfolio by value. The top 10 qualifying portfolio companies are labelled.

Amati VCT



Amati VCT 2



1.4 Top investments

As at 30 September 2017, approximately 56%, of Amati VCT plc's net assets was represented by investments in 10 companies with a total unaudited market value of £32.3 million. The information below provides the unaudited investment value of these holdings as at 30 September 2017, together with a summary of the activities of each portfolio company. This information has been compiled by the Manager from publicly available information and from Amati VCT plc's internal records. An '**' in the information below indicates that the holding is a Qualifying Holding.

No.	Company	Market value (£)	% of NAV	Activities
1.	TB Amati UK Smaller Companies Fund	£5,611,197	9.7%	TB Amati UK Smaller Companies Fund is an open ended investment company (OEIC) which aims to provide medium to long term capital growth through investment in a diversified portfolio of UK smaller companies. The Fund is managed by the Equities Team at Amati Global Investors.
2.	Keywords Studios*	£4,567,200	7.9%	Keywords Studios plc is a provider of technical services such as localisation and testing to the global video games industry.
3.	Quixant*	£4,035,275	7.0%	Quixant plc designs and manufactures computer platforms and monitors for the global gaming industry.
4.	Frontier Developments*	£3,819,718	6.6%	Frontier Developments plc is a developer of video games based in Cambridge, UK. Having worked with many of the world's major entertainment companies it now self-publishes its own video games in a variety of genres across all the major gaming formats.
5.	Craneware*	£2,844,283	4.9%	Craneware plc provides automated integrity software solutions for the US healthcare market, with headquarters in Edinburgh, UK.
6.	Tristel*	£2,533,713	4.4%	Tristel plc is a manufacturer of chlorine dioxide-based infection control, contamination control and hygiene products.
7.	Idox*	£2,438,758	4.2%	Idox plc is a provider of software and services to the UK public sector and increasingly to the wider corporate sector.
8.	Learning Technologies Group*	£2,269,580	3.9%	Learning Technologies Group plc is a provider of e-learning services and technologies to corporate and government clients.
9.	GB Group*	£2,160,998	3.7%	GB Group plc is a global provider of identity data management services.

10.	AB Dynamics*	£2,044,696	3.5%	AB Dynamics plc is a supplier of advanced testing systems to the global motor industry for research and development and production quality control.
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As at 30 September 2017, approximately 56% of Amati VCT 2 plc's net assets was represented by investments in 10 companies with a total unaudited market value of £30.7 million. The information below provides the unaudited investment value of these holdings as at 30 September 2017, together with a summary of the activities of each portfolio company. This information has been compiled by the Manager from publicly available information and from the Amati VCT 2 plc's internal records. An** in the information below indicates that the holding is a Qualifying Holding.

No.	Company	Market value (£)	% of NAV	Activities
1.	TB Amati UK Smaller Companies Fund	£4,825,711	8.8%	TB Amati UK Smaller Companies Fund is an open ended investment company (OEIC) which aims to provide medium to long term capital growth through investment in a diversified portfolio of UK smaller companies. The Fund is managed by the Equities Team at Amati Global Investors.
2.	Keywords Studios*	£4,362,750	7.9%	Keywords Studios plc is a provider of technical services such as localisation and testing to the global video games industry.
3.	Accesso Technology Group*	£4,090,757	7.4%	Accesso Technology Group plc is a global provider of queueing and ticketing software and services to leisure, entertainment and cultural markets.
4.	Quixant*	£3,675,835	6.7%	Quixant plc designs and manufactures computer platforms and monitors for the global gaming industry.
5.	Frontier Developments*	£3,612,160	6.6%	Frontier Developments plc is a developer of video games based in Cambridge, UK. Having worked with many of the world's major entertainment companies it now self-publishes its own video games in a variety of genres across all the major gaming formats.
6.	Tristel*	£2,238,650	4.1%	Tristel plc is a manufacturer of chlorine dioxide-based infection control, contamination control and hygiene products.
7.	Idox*	£2,059,142	3.8%	Idox plc is a provider of software and services to the UK public sector and increasingly to the wider corporate sector.
8.	GB Group*	£1,984,525	3.6%	GB Group plc is a global provider of identity data management services.
9.	Learning Technologies Group*	£1,955,056	3.6%	Learning Technologies Group plc is a provider of e-learning services and technologies to corporate and government clients.
10.	Brooks Macdonald Group*	£1,867,494	3.4%	Brooks Macdonald Group plc is a provider of investment management services to professional advisers, private clients, trusts and charities.

Note: Investment and portfolio information in this section has been derived from the relevant Company's accounting records (taken from its portfolio valuation to 30 September 2017) and, in respect of the information on investee companies' sector and activities from the latest financial year end accounts published by those investee companies. Such information has been accurately reproduced and, as far as the relevant Company is aware and is able to ascertain from information published by the relevant Company and the investee companies, no facts have been omitted which would render the information inaccurate or misleading.

The information set out in this section 1.4 about the investment portfolio has not been audited. Portfolio information is updated monthly on Amati Global Investors' website and recent activity is summarised in monthly factsheets, which are also available at www.amatiglobal.com.

1.5 Investment Portfolio

The following table shows the investment portfolios of Amati VCT and Amati VCT 2 as at 27 October 2017 (being the latest practicable date prior to the publication of this document), with values shown as at 30 September 2017.

Security Description	Sector	Type	Amati VCT			Amati VCT 2		
			Book Cost £	Market Value £	% of NAV	Book Cost £	Market Value £	% of NAV
AB DYNAMICS	Industrials	Equity	304,371	2,044,696	3.5	259,465	1,728,577	3.1
ACCESSO TECHNOLOGY	Technology	Equity	–	–	–	221,122	4,090,756	7.4
ALLERGY THERAPEUTICS	Health Care	Equity	–	–	–	28,536	86,273	0.2
AMYRT PHARMA*	Health Care	Equity	£870,400	–	–	£829,600	–	–
ANPARIO	Health Care	Equity	276,649	1,385,787	2.4	271,575	1,232,712	2.2
ANTENOVA	Telecoms	Equity	–	–	–	0	80,713	0.1
ANTENOVA	Telecoms	Preference Shares	–	–	–	100,117	47,181	0.1
APPSCATTER	Technology	Equity	617,302	662,413	1.1	582,697	609,591	1.1
BELVOIR LETTINGS	Financials	Equity	404,181	465,927	0.8	339,495	391,173	0.7
BILBY	Industrials	Equity	676,055	707,895	1.2	574,260	593,851	1.1
BRADY	Technology	Equity	331,299	439,772	0.8	–	–	–
BRIGHTON PIER	Consumer Services	Equity	314,086	223,296	0.4	292,314	204,620	0.4
BROOKS MACDONALD	Financials	Equity	–	–	–	1,153,823	1,867,494	3.4
BYOTROL	Basic Materials	Equity	511,494	527,350	0.9	488,507	488,507	0.9
CELOXICA	Technology	Equity	–	–	–	0	0	0.0
CHINA FOOD COMPANY 10% 2012	Consumer Goods	Convertible Loan	876,000	0	0.0	624,000	0	0.0
CONEXION MEDIA	Consumer Services	Equity	–	–	–	183,750	0	0.0
CRANEWARE	Technology	Equity	297,872	2,844,283	4.9	–	–	–
CRAWSHAW	Consumer Services	Equity	431,896	169,587	0.3	368,964	144,864	0.3
DODS	Consumer Services	Equity	–	–	–	595,868	270,000	0.5
ESCAPE HUNT	Consumer Services	Equity	421,826	446,042	0.8	401,674	419,526	0.8
EU SUPPLY	Technology	Equity	350,434	282,983	0.5	330,052	262,873	0.5
FAIRFX	Financials	Equity	407,765	560,095	1.0	376,927	512,747	0.9
FARON PHARMACEUTICALS**	Health Care	Equity	341,512	1,076,630	1.9	327,426	998,520	1.8
FOX MARBLE	Basic Materials	Equity	167,420	68,543	0.1	156,716	62,121	0.1
FOX MARBLE 8% 2017	Basic Materials	Convertible Loan	525,676	517,837	0.9	484,324	477,101	0.9
FREEAGENT	Technology	Equity	388,733	426,912	0.7	361,267	387,072	0.7
FRONTIER DEVELOPMENTS	Consumer Goods	Equity	374,235	3,819,718	6.6	353,574	3,612,159	6.6
GB	Technology	Equity	236,453	2,160,998	3.7	223,707	1,984,525	3.6
GENEDRIVE	Health Care	Equity	326,201	145,771	0.3	298,799	126,990	0.2
HARDIDE	Basic Materials	Equity	373,374	1,491,616	2.6	500,000	1,125,000	2.0
IDEAGEN	Technology	Equity	564,866	2,041,628	3.5	496,278	1,784,690	3.2
IDOX	Technology	Equity	298,961	2,438,759	4.2	238,511	2,059,142	3.7

Security Description	Sector	Type	Amati VCT			Amati VCT 2		
			Book Cost £	Market Value £	% of NAV	Book Cost £	Market Value £	% of NAV
ILIKA	Technology	Equity	207,922	95,932	0.2	192,080	87,432	0.2
INVOCAS	Financials	Equity	332,285	0	0.0	–	–	–
KEYWORDS STUDIOS	Industrials	Equity	405,900	4,567,200	7.9	387,450	4,362,749	7.9
LEARNING TECHNOLOGIES	Industrials	Equity	870,525	2,269,580	3.9	746,476	1,955,056	3.6
LOOPUP	Technology	Equity	490,000	1,346,275	2.3	470,000	1,269,000	2.3
MAXCYTE	Health Care	Equity	449,193	403,866	0.7	424,655	370,608	0.7
MICROSAIC SYSTEMS	Industrials	Equity	422,834	23,841	0.0	419,125	19,848	0.0
MIRADA	Consumer Services	Equity	483,450	46,899	0.1	416,550	39,200	0.1
MIRRIAD	Technology	Equity	524,529	306,458	0.5	485,846	283,860	0.5
MYCELX TECHNOLOGIES	Oil & Gas	Equity	440,349	209,166	0.4	425,026	175,023	0.3
NETCALL	Technology	Equity	–	–	–	110,217	293,670	0.5
ONCIMMUNE*	Health Care	Equity	£512,968	–	–	£487,032	–	–
POLYHEDRA	Industrials	Equity	340,187	0	0.0	309,813	0	0.0
POLYHEDRA 8% 2017	Industrials	Convertible Loan	1,046,728	0	0.0	953,272	0	0.0
PREMIER TECHNICAL SERVICES	Industrials	Equity	473,537	1,649,767	2.9	402,433	1,376,787	2.5
PROPERTY FRANCHISE	Financials	Equity	154,502	200,968	0.3	140,914	180,104	0.3
QUIXANT	Technology	Equity	418,701	4,035,275	7.0	385,629	3,675,834	6.7
RAME ENERGY	Industrials	Equity	156,762	0	0.0	138,738	0	0.0
RAME ENERGY 8% 2019	Industrials	Convertible Loan	394,673	0	0.0	349,327	0	0.0
RAME ENERGY 8% 2019	Industrials	Loan	138,543	0	0.0	119,457	0	0.0
RAME ENERGY 18p 2017	Industrials	Warrants	0	0	0.0	0	0	0.0
RATED PEOPLE	Consumer Services	Equity	97,484	0	0.0	92,587	0	0.0
RIVINGTON STREET 0% 2013	Financials	Convertible Loan	822	0	0.0			
RIVINGTON STREET 8% 2013	Financials	Convertible Loan	12,861	0	0.0			
ROSSLYN DATA TECHNOLOGIES	Technology	Equity	817,871	740,181	1.3	776,993	665,778	1.2
SABIEN TECHNOLOGY	Industrials	Equity	728,529	93,709	0.2	529,674	67,846	0.1
SCIENCE IN SPORT	Consumer Goods	Equity	810,581	1,105,735	1.9	710,090	953,393	1.7
SOLID STATE	Industrials	Equity	258,717	519,867	0.9	242,801	475,556	0.9
SORBIC INTERNATIONAL 10% 2014	Consumer Goods	Convertible Loan	474,000	0	0.0	276,000	0	0.0
SPORTSWEB	Industrials	Equity	–	–	–	352,128	316,915	0.6
SPRUE AEGIS	Industrials	Equity	106,565	1,299,147	2.2	–	–	–
SRT MARINE SYSTEMS	Technology	Equity	708,731	726,394	1.3	579,500	703,000	1.3
SYNECTICS	Industrials	Equity	–	–	–	341,953	355,389	0.6

Security Description	Sector	Type	Amati VCT			Amati VCT 2		
			Book Cost £	Market Value £	% of NAV	Book Cost £	Market Value £	% of NAV
TASTY	Consumer Services	Equity	–	–	–	295,420	149,188	0.3
TB AMATI UK SMALLER COMPANIES FUND	Financials	Equity	3,309,634	5,611,196	9.7	2,850,469	4,825,710	8.8
TCOM	Technology	Equity	0	0	0.0	0	0	0.0
TCOM	Technology	Preference Shares	0	0	0.0	0	0	0.0
TMO RENEWABLES	Oil & Gas	Equity	369,531	0	0.0	–	–	–
TMO RENEWABLES 2013	Oil & Gas	Convertible Loan	244,176	0	0.0	–	–	–
TRISTEL	Health Care	Equity	543,490	2,533,713	4.4	439,578	2,238,650	4.1
UNIVERSE	Industrials	Equity	201,419	722,395	1.2	188,573	655,906	1.2
VELOCITY COMPOSITES	Industrials	Equity	507,193	487,801	0.8	491,807	457,091	0.8
VENN LIFE SCIENCES	Health Care	Equity	311,179	175,038	0.3	274,122	152,636	0.3
VICORP	Technology	Equity	407,663	0	0.0	–	–	–
VITEC GLOBAL	Basic Materials	Equity	300,000	0	0.0	–	–	–
WATER INTELLIGENCE	Industrials	Equity	180,466	512,582	0.9	170,167	474,444	0.9
Total Investments			29,343,561	54,631,523	94.4	27,439,250	52,229,451	95.0
Net Current Assets				3,214,712	5.6		2,746,578	5.0
NET ASSET VALUE				57,846,235	100.0		54,976,029	100.0

* Acquired in October 2017

** Additional shares acquired at a book cost of £10,248 and £9,752 by Amati VCT and Amati VCT 2 respectively in October 2017

1.6 Capital resources and cash flows

The Companies' short and long terms capital resources result from the Ordinary Shares issued by the Companies and which the Companies are able to issue in the future. The cash flows of the Companies result from dividends and/or interest or other revenues from underlying investments and realisations of underlying investments. Further details are contained in the Companies' accounts as referenced below.

2. FINANCIAL INFORMATION ON AMATI VCT

A. Introduction

Amati VCT's auditors are KPMG Audit Plc, registered auditor, of Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG and regulated by the Institute of Chartered Accountants in England and Wales. They have been the auditors of the Company since its incorporation in February 2005.

The financial information in relation to Amati VCT contained in the following section of this Part II has been extracted without material adjustment from (a) the audited statutory accounts of the Company for the three financial years ended 28 February, in respect of which the Company's auditors made unqualified reports under section 235 of the CA 1985 and section 495, section 496 and section 497 of the 2006 Act, as applicable, and which have been delivered to the Registrar of Companies and such reports did not contain any statements under section 237(2) or (3) of the 1985 Act or under section 498 (2) or (3) of the 2006 Act, as applicable and (b) the unaudited half-yearly reports for the periods ended 31 August 2016 and 31 August 2017.

B. Published Annual Report and Accounts for the three financial years ended 28 February and unaudited half-yearly reports for the periods ended 31 August 2016 and 31 August 2017 (Amati VCT)

Historical Financial information

Historical financial information of Amati VCT for the three financial years ended 28 February and for the six month periods to 31 August 2016 and 31 August 2017 includes, on the pages specified in the table below, the following information, which is incorporated by reference as set out below:

Nature of information	Audited annual report for the year ended 28 February 2015	Audited annual report for the year ended 29 February 2016	Audited annual report for the year ended 28 February 2017	Unaudited half yearly report for 6 months ended 31 August 2016	Unaudited half yearly report for 6 months ended 31 August 2017
Income Statement	Page 39	Page 32	Page 32	Page 16	Page 16
Statement of Changes in Equity	Page 40	Page 33	Page 33	Page 18	Page 18
Balance Sheet	Page 41	Page 34	Page 34	Page 20	Page 22
Statement of Cash Flows	Page 42	Page 35	Page 35	Page 21	Page 23
Accounting Policies	Page 43	Page 36	Page 36	Page 23	Page 24
Notes to the Accounts	Page 43	Page 36	Page 36	Page 23	Page 24
Independent Auditor's Report	Page 37	Page 29	Page 29	N/A	N/A

Copies of the annual reports of Amati VCT plc are available free of charge at its registered office or from its website, the address of which is www.amatiglobal.com/avct.php. The announcement of the results of Amati VCT plc is available on the website of the London Stock Exchange at www.londonstockexchange.com. The EPIC code for Amati VCT plc is 'ATI'.

C. Operating and Financial Review (Amati VCT)

The Chairman's Statement, Fund Manager's Review, Strategic Report and Reports from the Directors in respect of Amati VCT for each of the three financial years ended 28 February and for the six month periods ended 31 August 2016 and 31 August 2017 are set out on those pages (specified in the table below) of the historical financial information referred to in paragraph 2(B) above of this Part II, such statements and reports being incorporated by reference:

Nature of information	Audited annual report for the year ended 28 February 2015	Audited annual report for the year ended 29 February 2016	Audited annual report for the year ended 28 February 2017	Unaudited half yearly report for 6 months ended 31 August 2016	Unaudited half yearly report for 6 months ended 31 August 2017
Chairman's Statement	Page 4	Page 4	Page 4	Page 4	Page 4
Fund Manager's Review	Page 6	Page 6	Page 6	Page 6	Page 7
Strategic Report	Page 4	Page 4	Page 4	N/A	N/A
Reports from the Directors	Page 24	Page 19	Page 19	N/A	N/A

The treasury activities of Amati VCT plc are controlled by the Manager, subject always to the direction and supervision of the Board. Cash and cash equivalents are held only in sterling and no other currencies. Amati VCT plc does not have any borrowing and does not use any financial instruments for hedging purposes. Amati VCT plc requires liquidity in order to meet its operating costs of which the most significant is the investment management fee. Amati VCT plc maintains cash reserves suitable to meet its operating commitments.

D. No Significant Change (Amati VCT)

Other than the increase in NAV to 96.84p as at 19 October 2017, being the latest date in respect of which Amati VCT has published its NAV per share, from 94.58p per Share as at 31 August 2017 (being the end of the last financial period of the Company for which unaudited financial information has been published), there has been no significant change in the financial or trading position of the Company.

E. Working Capital (Amati VCT)

Amati VCT is of the opinion that it has sufficient working capital for its present requirements, that is for at least 12 months following the date of this document.

F. Statement of capitalisation and indebtedness (Amati VCT)

The following table shows the capitalisation for Amati VCT as at 30 September 2017.

Shareholders' equity	£
Called up share capital	6,042,244
Legal reserve (share premium account)	685,348
Other reserves (excludes revenue reserve)	51,136,583
Total	57,864,175

There has been no material change in the capitalisation of the Company since 30 September 2017.

The following table shows the gross indebtedness of Amati VCT (distinguishing between guaranteed, secured and unguaranteed and unsecured indebtedness) as at 30 September 2017.

Total current debt	0
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total	0

As at 30 September 2017, Amati VCT had no indirect or contingent indebtedness or future investment commitments. The information in the gross and net indebtedness table above is unaudited information of the Company and has been extracted from internal management accounting records and has not been reported on by an accountant.

The following table shows Amati VCT's net indebtedness as at 30 September 2017.

A. Cash	3,397,900
B. Cash equivalent	0
C. Trading securities	0
D. Liquidity (A+B+C)	3,397,900
E. Current financial receivable	0
F. Current bank debt	0
G. Current portion of non-current debt	0
H. Other current financial debt	0
I. Current financial debt (F+G+H)	0
J. Net current financial indebtedness (I-E-D)	-3,397,900
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
N. Non-current financial indebtedness (K+L+M)	0
O. Net financial indebtedness (J+N)	-3,397,900

Where references are made above to certain parts of documents being incorporated by reference, the parts of those documents which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in the Prospectus.

3. FINANCIAL INFORMATION ON AMATI VCT 2 PLC

A. Introduction (Amati VCT 2)

Amati VCT 2's auditors are BDO LLP (formerly PKF (UK) LLP), 55 Baker Street, London W1U 7EU and regulated by the Institute of Chartered Accountants in England and Wales. Prior to the appointment of BDO LLP, PwC were the auditors of Amati VCT 2 from its incorporation in 10 January 2001 until PwC's resignation on 21 January 2011.

The financial information contained in this Part II has been extracted without material adjustment from (a) the audited statutory accounts of Amati VCT 2 for the three financial years ended 31 January, in respect of which the Company's auditors made unqualified reports under section 235 of the CA 1985 and section 495, section 496 and section 497 of the 2006 Act, as applicable, and which have been delivered to the Registrar of Companies and such reports did not contain any statements under section 237(2) or (3) of the 1985 Act or under section 498 (2) or (3) of the 2006 Act, as applicable and (b) the unaudited half-yearly reports for the periods ended 31 July 2016 and 31 July 2017.

B. Published Annual Report and Accounts for the three financial years ended 31 January and unaudited half-yearly reports for the periods ended 31 July 2016 and 31 July 2017 (Amati VCT 2)

Historical Financial information

Historical financial information of Amati VCT 2 for the three financial years ended 31 January and for the six month periods to 31 July 2016 and 31 July 2017 includes, on the pages specified in the table below, the following information, which is incorporated by reference as set out below:

Nature of information	Audited annual report for the year ended 31 January 2015	Audited annual report for the year ended 31 January 2016	Audited annual report for the year ended 31 January 2017	Unaudited half yearly report for 6 months ended 31 July 2016	Unaudited half yearly report for 6 months ended 31 July 2017
Income Statement	Page 37	Page 31	Page 31	Page 14	Page 14
Statement of Changes in Equity	Page 37	Page 32	Page 32	Page 16	Page 16
Balance Sheet	Page 38	Page 33	Page 33	Page 28	Page 18
Statement of Cash Flows	Page 39	Page 34	Page 34	Page 29	Page 19
Accounting Policies	Page 40	Page 35	Page 35	Page 20	Page 20
Notes to the Accounts	Page 40	Page 35	Page 35	Page 20	Page 20
Independent Auditor's Report	Page 34	Page 28	Page 28	N/A	N/A

Copies of the annual reports of Amati VCT 2 plc are available free of charge at its registered office or from its website, the address of which is www.amatiglobal.com/avct2.php. The announcement of the results of Amati VCT 2 plc is available on the website of the London Stock Exchange at www.londonstockexchange.com. The EPIC code for Amati VCT plc is 'AT2'.

Amati VCT 2 when named ViCTory VCT acquired the assets and liabilities of Invesco Perpetual Aim VCT plc (when named Amati VCT 2 plc) on 9 November 2011. The historical information of Invesco Perpetual Aim VCT plc (when named Amati VCT 2 plc) for the two periods ended 31 May 2011, includes, on the pages specified in the table below, the following information, which is incorporated by reference as set out below:

Nature of information	Annual Report for year ended 31 May 2010	Annual Report for year ended 31 May 2011
Income Statement	Page 30	Page 30
Statement of Changes in Equity	Page 30	Page 31
Balance Sheet	Page 31	Page 32
Statement of Cash Flows	Page 32	Page 33
Accounting Policies	Page 33	Page 34
Notes to the Accounts	Page 33	Page 34
Independent Auditor's Report	Page 28	Page 29

C. Operating and Financial Review (Amati VCT 2)

The Chairman's Statement and the Manager's Report in respect of the Amati VCT 2 for each of the three financial years ended 31 January and for the six month periods ended 31 July 2016 and 31 July 2017 are set out on those pages (specified in the table below) of the historical financial information referred to in paragraph 3(B) of this Part II, such statements and reports being incorporated by reference:

Nature of information	Audited annual report for the year ended 31 January 2015	Audited annual report for the year ended 31 January 2016	Audited annual report for the year ended 31 January 2017	Unaudited half yearly report for 6 months ended 31 July 2016	Unaudited half yearly report for 6 months ended 31 July 2017
Chairman's Statement	Page 3	Page 3	Page 3	Page 3	Page 3
Fund Manager's Review	Page 5	Page 5	Page 5	Page 5	Page 6
Strategic Report	Page 3	Page 3	Page 3	N/A	N/A
Reports from the Directors	Page 23	Page 17	Page 17	N/A	N/A

The treasury activities of Amati VCT 2 plc are controlled by the Manager, subject always to the direction and supervision of the Board. Cash and cash equivalents are held only in sterling and no other currencies. Amati VCT 2 plc does not have any borrowing and does not use any financial instruments for hedging purposes. Amati VCT 2 plc requires liquidity in order to meet its operating costs of which the most significant is the investment management fee. Amati VCT plc maintains cash reserves suitable to meet its operating commitments.

D. No Significant Change

Other than the increase in NAV to 159.51p as at 19 October 2017, being the latest date in respect of which Amati VCT 2 has published its NAV per share, from 145.77p per Share as at 31 July 2017 (being the end of the last financial period of Amati VCT 2 for which unaudited financial information has been published), there has been no significant change in the financial or trading position of Amati VCT 2.

E. Working Capital

Amati VCT 2 is of the opinion that it has sufficient working capital for its present requirements, that is for at least 12 months following the date of this document.

F. Statement of capitalisation and indebtedness

The following table shows the capitalisation for Amati VCT 2 as at 30 September 2017.

Shareholders' equity	
Called up share capital	1,720,415
Legal reserve (share premium account)	16,043,071
Other reserves (excludes revenue reserve)	37,267,419
Total	55,031,535

Save as disclosed below, there has been no material change in the capitalisation of Amati VCT 2 since 30 September 2017.

The following table shows the gross indebtedness of Amati VCT 2 (distinguishing between guaranteed, secured and unguaranteed and unsecured indebtedness) as at 30 September 2017.

Total current debt	0
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total	0

As at 30 September 2017, Amati VCT 2 had no indirect or contingent indebtedness or future investment commitments. The information in the gross and net indebtedness table above is unaudited information of Amati VCT 2 and has been extracted from internal management accounting records and has not been reported on by an accountant.

The following table shows Amati VCT 2's net indebtedness as at 30 September 2017.

A. Cash	3,082,659
B. Cash equivalent	
C. Trading securities	0
D. Liquidity (A+B+C)	3,082,659
E. Current financial receivable	0
F. Current bank debt	0
G. Current portion of non-current debt	0
H. Other current financial debt	0
I. Current financial debt (F+G+H)	0
J. Net current financial indebtedness (I-E-D)	-3,082,659
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
N. Non-current financial indebtedness (K+L+M)	0
O. Net financial indebtedness (J+N)	-3,082,659

Where references are made above to certain parts of documents being incorporated by reference, the parts of those documents which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in the Prospectus.

PART III: THE OFFERS, THE TERMS OF THE POTENTIAL MERGER AND THE CONSIDERATION SHARES

1. DETAILS OF THE OFFERS

1.1 The Offers

It is proposed that Amati VCT and Amati VCT 2 raise up to £10 million each by way of two Offers for subscription for New Ordinary Shares, with an over-allotment option of a further £10 million for Amati VCT 2 only. In addition the Companies propose to raise a further £2 million for Amati VCT plc and a further £4 million for Amati VCT 2 plc from New Ordinary Shares issued in respect of the Dividend Re-Investment Schemes.

The over-allotment facility of £10m and the additional £2 million of the £4 million raised in respect of the Dividend Re-Investment Scheme for Amati VCT 2, both of which are available to Amati VCT 2 only, may only be utilised in the event that the Potential Merger is approved and then may be utilised for the duration of the Offer.

Under the terms of the Offers, New Ordinary Shares are being offered to the public. Investors are invited to subscribe an amount in pounds sterling rather than apply for a particular number of New Ordinary Shares. The Directors have agreed that the price of New Ordinary Shares will be calculated on the basis of the following formula.

The Offer Price in respect of Amati VCT plc is calculated as follows:

The Adjusted Net Asset Value of an Existing Ordinary Share of Amati VCT at the Latest Practicable Date prior to the date of allotment divided by 0.97 to allow for issue costs of 3.0%, calculated in pence and rounded up to the nearest two decimal places. For applications from existing shareholders and for applications made via authorised financial intermediaries, the Offer Price shall be divided by 0.99 to allow for issue costs of 1.0%, calculated in pence and rounded up to the nearest two decimal places. For the calculation of the Adjusted NAV the value of the underlying securities will be determined by reference to the **mid-price** value of the closing bid and ask prices of the London Market Maker price feed.

The Offer Price in respect of Amati VCT 2 plc is as follows and is calculated on an equivalent basis:

The Adjusted Net Asset Value of an Existing Ordinary Share of Amati VCT 2 at the Latest Practicable Date prior to the date of allotment divided by 0.97 to allow for issue costs of 3.0%, calculated in pence and rounded up to the nearest two decimal places. For applications from existing shareholders and for applications made via authorised financial intermediaries, the Offer Price shall be divided by 0.99 to allow for issue costs of 1.0%, calculated in pence and rounded up to the nearest two decimal places. For the calculation of the Adjusted NAV the value of the underlying securities will be determined by reference to the **mid-price** value of the closing bid and ask prices of the London Market Maker price feed.

As at 30 September 2017 the unaudited Adjusted Net Asset Value per Amati VCT plc's Ordinary Share was 95.91p, which would have resulted in an Offer Price of 98.88p per Amati VCT plc's New Ordinary Share (95.91p divided by 0.97). In respect of applications from existing investors or those made via authorised financial intermediaries the Adjusted Net Asset Value of 95.91p would have resulted in an Offer Price of 96.88p (95.91p divided by 0.99). Monies which are not sufficient to buy one Amati VCT plc New Ordinary Share will not be returned to applicants but will be retained by Amati VCT plc and fractions of Amati VCT plc's New Ordinary Shares will not be issued.

As at 30 September 2017 the unaudited Adjusted Net Asset Value per Amati VCT 2 plc's Ordinary Share was 161.62p, which would have resulted in an Offer Price of 166.62p per Amati VCT 2 plc's New Ordinary Share (161.62p divided by 0.97). In respect of applications from existing investors or those made via authorised financial intermediaries the Adjusted Net Asset Value of 161.62p would have resulted in an Offer Price of 163.26p (161.62p divided by 0.99). Monies which are not sufficient to buy one Amati VCT 2 plc New Ordinary Share will not be returned to applicants but will be retained by the Amati VCT 2 plc and fractions of Amati VCT 2 plc's New Ordinary Shares will not be issued.

The New Ordinary Shares will rank *pari passu* with the Existing Ordinary Shares.

The Offers are not underwritten.

The maximum gross proceeds of the Offers (assuming subscription in full and not including the over-allotment option in respect of Amati VCT 2) will be £20 million, being £10 million for each Company. The net proceeds of the Offers (assuming subscription in full) are estimated to be £19,778,060 after the costs and expenses of the Offers as set out in more detail in section 2.1 of this Part III below.

The net proceeds of the Offers will be invested by each Company in accordance with that Company's Investment Policy as set out in paragraph 6 of Part I of this document.

The Directors of Amati VCT have indicated that they intend to invest a total of £240,000 in the Offer by Amati VCT and the directors of Amati VCT 2 have indicated that they intend to invest a total of £35,000 in the Offer by Amati VCT 2.

1.2 Application Procedure

Applications for New Ordinary Shares will be payable in full by personal cheque, building society cheque or banker's draft, to be submitted with the Subscription Form. Applications may also be payable by electronic bank transfer, by arrangement with and subject to the anti-money laundering and identity verification requirements of the Receiving Agent. Applications will be accepted on a first-come first-served basis (provided cheques are not post-dated), subject always to the discretion of the Directors. Subscribers should, therefore, return their completed Subscription Form, which is contained at the end of this document, as soon as possible. The Receiving Agent will acknowledge receipt of each Subscription Form by letter or email to each applicant (and where applicable the applicant's authorised financial intermediary). The minimum application level under each of the Offers is £4,000 if investing in one VCT or £5,000 (or a minimum of £2,500 in each VCT) if investing in both VCTs simultaneously and thereafter in multiples of £500. The maximum aggregate subscription by an individual in any tax year which will be eligible for the full tax relief is £200,000. Accordingly, a husband and wife may be eligible to obtain tax relief in respect of £200,000 each in respect of the Offers.

If the Potential Merger proceeds then any applications for Amati VCT received more than 10 days after publication of the Circulars to Shareholders in connection with the Potential Merger shall be deemed to be an application for Amati VCT 2.

1.3 DILUTION

In the event that the Amati VCT Offer is fully subscribed and assuming an Offer Price of 96.88p per New Ordinary Share, the percentage of the Company owned by existing Shareholders (assuming they do not subscribe for additional New Ordinary Shares under the Offers or through the Dividend Re-Investment Scheme) will decrease to 85.4% through the issue of the New Ordinary Shares.

In the event that the Amati VCT 2 Offer is fully subscribed and assuming an Offer Price of 163.26p per New Ordinary Share, the percentage of the Company owned by existing Shareholders (assuming they do not subscribe for additional New Ordinary Shares under the Offers or through the Dividend Re-Investment Scheme) will decrease to 71.0% through the issue of the New Ordinary Shares.

2. COSTS

2.1 Costs of the Offers

Investors will indirectly bear a portion of the costs of the Offers in which they participate through the application of a formula, which determines the Offer Price paid for the New Ordinary Shares as the Adjusted Net Asset Value per Share of the relevant Company calculated at the latest practicable date prior to issue divided by 0.97 (the "Divisor") to allow for issue costs of 3.0%. For applications from existing shareholders and for applications made via authorised financial intermediaries, the Offer Price shall be determined with 0.99 as the Divisor to allow for issue costs of 1.0%. For the calculation of the Adjusted NAV the value of the underlying securities will be determined by reference to the **mid-price** value of the closing bid and ask prices of the London Market Maker price feed.

Authorised execution only off platform financial intermediaries acting on behalf of clients and upon receipt of valid acceptances are entitled to receive trail commission of 0.375% per annum (limited to five years), payable by the Manager. Each Company reserves the right to agree trail commission of up to 0.5% per annum with particular share dealing platforms or other intermediaries where the Directors of that Company believe that is in the best interests of the Company as a whole.

Assuming that 100% of applications will come either through an authorised financial intermediary or from existing Shareholders it is therefore expected that the indirect contribution from investors in the Offers to the costs of the Offers will be approximately 1% of the gross proceeds subscribed by them.

The Companies and the Manager have entered into a costs agreement (the "Costs Agreement") whereby they have agreed:

- (i) the costs of the Offers (which if fully subscribed and excluding any commissions are estimated at £110,970 each) will be shared equally between the Companies;
- (ii) if at the close of the Offers one Company is showing a Deficit and the other Company is showing a surplus, then the adjustment payment will be made between the Companies which will be (1) the lesser of an amount which results in both Companies having the same Deficit (and the Manager pays half of the Deficit to each Company), or (2) an amount which reduces both Companies Deficits to zero;
- (iii) if at the close of the Offers both Companies show a Deficit, an adjustment payment will be made between the Companies such that (1) this Deficit is equalised, and (2) the Manager pays half of the Deficit to each Company.

2.2 Annual Running Costs

Annual running costs, being the Directors' and Manager's fees, professional fees and the costs incurred by each of the Companies in the ordinary course of their business (but excluding irrecoverable VAT and exceptional costs, including winding-up costs), are capped at 3.5% of each of the Companies' net assets, any excess being met by the Manager by way of reduction in future management fees.

Expenses are charged through the revenue account except where incurred in connection with the maintenance or enhancement of the value of the Company's assets when they are charged through the capital account.

In the first half of Amati VCT's current financial year, being the six months to 31 August 2017, Amati VCT's plc running costs were £597,377, which represented on an annualised basis 2.1% of the period end net asset value.

In the first half of the Amati VCT 2's current financial year, being the six months to 31 July 2017, Amati VCT 2's plc running costs were £554,642, which represented on an annualised basis 2.2% of the period end net asset value.

3. TIMETABLE

The Offers will open at 8.00 a.m. on 30 October 2017; the 2017/2018 Offers will close at 12.00 noon on 4 April 2018, and the 2018/2019 Offers will close on 31 August 2018 (or any earlier date on which either is fully subscribed or at a later date at the discretion of the Directors of each of the Companies). The allotment of New Ordinary Shares under the Offers is at the discretion of the Directors of each of the Companies and is expected to be made monthly (or at other times at the Manager's discretion). In relation to the allotment date an announcement will be released through a Regulatory Information Service, including details of the issue price and total number of New Ordinary Shares allotted. The Directors of each of the Companies reserve the right to accept Subscription Forms and to allot and arrange for the listing of New Ordinary Shares in respect of applications received under the Offers on or prior to the closing date of the Offers as the Directors of that Company see fit. Announcements will be released stating that the Offers have closed and the results of each Offer.

A timetable is set out in tabular form under "Expected Timetable" on page 20 of this document.

4. SETTLEMENTS AND DEALINGS

Definitive Share certificates are expected to be despatched, together with income tax certificates, by post within 10 business days of each allotment of the relevant New Ordinary Shares. Temporary pre-emption documents of title will not be issued in connection with the Offers.

New Ordinary Shares will be capable of being transferred by means of the CREST system. Those successful applicants who wish to take advantage of the ability to trade in Ordinary Shares in uncertificated form, and who have access to a CREST account, may arrange with their CREST operator to convert their holdings into dematerialised form. Shareholders should be aware that New Ordinary Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Ordinary Shares held in CREST.

Application has been made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares to be admitted to the premium segment of the Official List and to trading under the London Stock Exchange's Admission and Disclosure Standards. The New Ordinary Shares will be in registered form and will be transferable. The ISIN code of the Ordinary Shares in Amati VCT plc is GB00B05N8X20. The ISIN code of the Ordinary Shares in Amati VCT 2 plc is GB00B641BB82.

The terms and conditions of subscription are set out in Part VIII of this document.

5. TYPICAL INVESTOR

A typical investor in the Companies is an individual (not a corporate entity): who is aged 18 or over and pays UK income tax; who already owns a portfolio of non-VCT investments such as unit trusts/OEICs, investment trusts and shareholdings in listed companies; whose investment range is between £4,000 and £200,000; and who is looking for exposure principally to AIM-traded companies whilst receiving tax-free income from dividends. The individual should be willing to invest over the long term and be comfortable with higher risk investments, such as unquoted company shares. Such an individual is often classified as "retail" and may also be "sophisticated". The investor should either have experience of such investments and/or seek advice from an appropriate financial adviser.

6. TAX

Investors should be aware of the tax implications of investing in the Offers, the DRIS, and/or accepting consideration shares under the Merger. Details are set out in the Risk Factors on pages 15 to 18.

7. TERMS OF THE POTENTIAL MERGER

The reasons why the Boards believe that a Merger of the two VCTs is in the interests of both sets of Shareholders are set out on pages 22 to 23 in the Joint Chairmen's Letter. As explained there, effecting the Merger has been delayed pending clarification of certain tax issues around section 264A of the Income Tax Act 2007. The portfolios of the Amati VCTs have been managed with the same mandates now for seven years, and have therefore become substantially aligned with 87% of the portfolio of Amati VCT by net asset value and 86% of the portfolio of Amati VCT 2 by net asset value invested in common holdings, as at 30 September 2017. Further detail on the portfolios is set out on pages 41 to 43.

The full terms of the Merger will be set out in circulars to Shareholders once the VCTs are able to proceed but the current intentions of the Boards of the VCTs are set out below.

It is intended that the Merger would proceed by way of a reconstruction under Section 110 of the Insolvency Act 1986 which would involve Amati VCT being placed into liquidation, its portfolio of assets transferred to Amati VCT 2 and Amati VCT 2 issuing new shares to the Shareholders of Amati VCT in return for the transfer of the portfolio of Amati VCT to Amati VCT 2. In order to carry out the Merger equitably, it would be proposed that the issue price of the new Amati VCT 2 shares and the number to be issued to Amati VCT shareholders be calculated on the basis of both companies' portfolios being valued at net asset value and both being valued on a "bid" basis in respect of assets which are valued at a spread. The costs and expenses associated with the Merger would also be allocated between the two VCTs on a pro rata basis based on total net asset value, again to be equitable between the two sets of Shareholders.

The Companies may decide to include in the proposals a limited option for Amati VCT shareholders to opt out of the Merger, in which case those shareholders would be bought out for cash, but it is not expected that this would be applicable to a material number of shareholders and it may not be included.

In the event that the Merger proceeds Consideration Shares would be allotted and issued to shareholders in Amati VCT. Details of the Consideration Shares are set out in paragraph 8 below.

The proposals would be conditional upon approval by both sets of Shareholders in general meeting.

The reason for Amati VCT 2 as the continuing vehicle is because following the Merger it would be the intention to carry out a court sanctioned share capital reduction to increase the distributable reserves of the merged entity available for paying dividends and/or buying back shares and the process for Amati VCT 2 as a company registered in England and Wales is understood to be more efficient.

The Directors hope that the point of law in relation to section 264A will be further clarified in the coming months. Once the Directors are satisfied that sufficient comfort has been received on this point, or other arrangements have been made to address it, the Directors would intend to put the Merger Proposals to Shareholders.

Shareholders should note that if the Merger proceeds, they should not subscribe for new shares in the merged entity if they have sold shares in either of the Amati VCTs in the preceding 6 months. Such sales would be classified as Linked Sales, and they would not be able to claim income tax relief based on the new subscription. It would also be prudent not to subscribe to one of the Amati VCTs under the current Offers if you have sold or intend to sell shares in either of the Amati VCTs in the six months either side of the subscription until the application of S264A is addressed and clarified.

8. CONSIDERATION SHARES

A maximum of 55 million Consideration Shares have been reserved under this Prospectus, that will be issued by Amati VCT 2 to Amati VCT shareholders to facilitate the Merger. These Consideration Shares are New Ordinary Shares in Amati VCT 2.

The exact number of Consideration Shares to be issued in the Merger will depend on a number of factors existing at the time of the Merger, namely:

Number of issued Ordinary Shares in Amati VCT

At present there are 60,255,435 Ordinary Shares in Amati VCT in issue. At the time of the Merger this number may differ as a result of subsequent allotments of New Ordinary Shares (in Amati VCT) under the Offer and DRIS, and any share buybacks (or allotments) undertaken in the intervening period. The number of Amati VCT shares allotted under the Offer and DRIS will depend upon the NAV at the time of allotment; such that increases or decreases in NAV will affect the exact number of New Ordinary Shares in Amati VCT issued.

NAV of Amati VCT

As at 30 September 2017 the NAV of Amati VCT was 95.74p per share, and the Adjusted NAV per share would have been 95.91p per share.

On the assumption that (i) the Offer of £10m of Ordinary Shares in Amati VCT is fully subscribed and allotted before the Merger, (ii) the maximum of £2m of Ordinary Shares in Amati VCT are allotted under the DRIS before the Merger; (iii) all the above Ordinary Shares in Amati VCT are allotted at an issue price based on Amati VCT's Adjusted NAV per share as at 30 September 2017, divided by 0.99 and rounded up to the nearest two decimal places (i.e. an Offer price of 96.88p per share), and (iv) there are no share buybacks or share allotments between the date of this document and the date of the Merger, Amati VCT would have issued an addition 12,411,119 shares prior to the Merger, making a total of 72,833,553 shares in issue at the time of the Merger, and a NAV of £69.75 million.

NAV of Amati VCT 2

As at 30 September 2017 the NAV of Amati VCT 2 was 159.78 pence per share, and the Adjusted NAV per share would have been 161.62p. The number of shares issued as Consideration Shares depends on the NAV of Amati VCT 2 and of Amati VCT at the time of the Merger, where both will be calculated using the London Market Maker closing bid prices, rather than Amati VCT using its usual price feed which is the London Stock Exchange Daily Official List Closing Bid Prices. Assuming the NAV of Amati VCT at the time of the Merger is as referred to in the paragraph above (given the assumptions therein), and that Amati VCT 2's NAV per share remains the same, 43,213,375 Consideration Shares would be issued.

Given the variability of each of the above factors, i.e. the number of Amati VCT Ordinary Shares in issue at the time of the Merger, and the respective adjusted NAVs of each of Amati VCT and Amati VCT 2, the Boards have reserved up to a maximum of 55 million shares to be issued as Consideration Shares, in order to give some headroom in the event that these variables change.

Rights and Entitlements

The Consideration Shares will rank *pari passu* with the Existing Ordinary Shares in Amati VCT 2 in all respects, which include entitlements to:

- Receive any dividends declared or any distribution of capital (including in a winding up of the Company);
- Participate in the Dividend Re-Investment Scheme;
- Receive notice of, attend, and vote in, general meetings of the Company (including the right to appoint a proxy to attend in their place); and
- Transfer Ordinary Shares in accordance with the Articles.

PART IV: THE DIVIDEND RE-INVESTMENT SCHEMES

The Companies both operate a Dividend Re-Investment Scheme to enable Shareholders to use all of their dividends to subscribe for further Ordinary Shares. Such Ordinary Shares will not be allotted at less than Net Asset Value. Dividend re-investment enables Shareholders to increase their total holding in the Companies without incurring dealing costs, issue costs or stamp duty. Subject to the limits on investments in VCTs, these Ordinary Shares should qualify for the VCT tax reliefs that are applicable to subscriptions for new VCT shares. The Dividend Re-Investment Scheme may be appropriate for those Shareholders who are investing primarily for capital growth.

Amati VCT has authority to allocate a further £2,000,000 of New Ordinary Shares, and Amati VCT 2 £4,000,000 of New Ordinary Shares for the Dividend Re-Investment Scheme. Additional authority to allocate further New Ordinary Shares may be sought by each Company at further general meetings if deemed appropriate by the Board at the relevant Company.

Ordinary Shares subscribed for via either Dividend Re-Investment Scheme will form part of the relevant Shareholder's annual limit for investing in venture capital trusts. Shareholders wishing to join the Dividend Re-Investment Schemes should tick the relevant box on the Subscription Form. The terms and conditions of each Dividend Re-Investment Scheme is available on the website of the relevant Company being www.amatiglobal.com/avct.php or www.amatiglobal.com/avct2.php.

Investors should note that while the terms of the two Companies' Dividend Re-Investment Schemes are currently identical they may differ in the future should one of the Companies consider a change necessary or appropriate.

In order to obtain the tax relief from income tax, it is necessary that the investor subscribes for shares in his or her own name and not in the name of a nominee. Shares may subsequently be transferred into the name of a nominee.

Consideration of the duration of Amati VCT and Amati VCT 2 will take place at the annual general meetings of both Companies in 2020. If the Shareholders of either Company vote in favour of that Company not continuing as a VCT, then the Directors will take steps to wind that Company up. In effecting such steps, the Company shall take into account the need for the New Ordinary Shares issued under the Dividend Re-Investment Scheme in certain tax years to have been held for a sufficient period of time before any winding up takes effect to allow participants in that scheme to retain their VCT income tax relief although it may not be possible to ensure that they are not prejudiced.

PART V: TAXATION CONSIDERATIONS

The Companies have to satisfy a number of tests in order to qualify as VCTs and therefore to obtain the tax benefits available to VCTs and their individual Shareholders. A summary of the tax benefits available to VCTs and their individual Shareholders, and the consequences of losing VCT status, is set out in Section 1 below. A summary of those tests is set out in Section 2 below.

1. TAXATION BENEFITS

The following is a general guide to the tax benefits available to VCTs and their Shareholders. It does not set out any of the legislative provisions in full and investors should seek their own independent taxation advice.

1.1 VCTs

For each accounting period in respect of which a company is approved by HMRC as a VCT, the company is exempt from corporation tax on chargeable gains. The company continues to be liable to corporation tax on income in the usual way.

1.2 Tax reliefs for Investors

The tax reliefs set out below are available to individuals aged 18 or over who invest in shares in a VCT. There is no specific limit on the amount an individual can invest in a VCT, but tax reliefs will only be given to the extent that the total of an individual's subscription or other acquisitions of shares in VCTs in any tax year does not exceed £200,000. Investors who intend to invest more than £200,000 in VCTs in any one tax year should take independent advice on this. A husband and wife may be eligible to obtain tax relief in respect of £200,000 each under each of the Offers.

(i) *Income Tax*

- Relief on subscription

An investor subscribing for shares in a VCT will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year. The current taxation legislation applicable to individual investors provides for income tax relief of up to 30% of the amount subscribed up to investor limits (subject to an amount that reduces the investor's income tax liability to nil). Tax relief on subscriptions for shares in a VCT is restricted where, within six months (before or after) that subscription, the investor had disposed of shares in the same VCT or a VCT which at any time merges with that VCT.

- Dividend relief

An investor who acquires, whether by subscription, purchase or otherwise, in any tax year, VCT shares up to a maximum of £200,000 will not be liable to income tax on dividends paid by the VCT on those shares. An individual who purchases VCT shares in the market will not be liable to income tax on dividends paid by the VCT on those shares.

- Withdrawal of relief

Relief from all or some income tax on subscription for shares in a VCT is withdrawn if the shares are disposed of (other than between spouses if they are living together at the time) within five years of issue or if the VCT loses its approval within this period.

(ii) *Capital Gains Tax*

- Relief from capital gains tax on the disposal of shares in the market

Any gains made on shares held in a VCT are not subject to capital gains tax (subject to a maximum investment by an individual of £200,000 in any one tax year). Similarly, any loss on shares held in a VCT will not be treated as an allowable loss. Both of the above apply to the extent that the shares have been acquired within the limit of £200,000 for any tax year. A husband and wife may be eligible to obtain tax relief in respect of £200,000 each under each of the Offers.

- Purchasers in the market

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

- Withdrawal of relief

If a VCT which has been granted approval subsequently fails to comply with the conditions for approval, any gains on the shares after the date on which loss of VCT status takes effect will be taxable. Where VCT status is treated as never having been given, all gains are taxable.

(iii) Share Buybacks

- Notwithstanding a clear intention that VCTs are intended to be a tax free investment, investors can be subject to income tax when their shares are purchased by the Company. Where an investor sells shares back to the Companies any gain made on those shares could be treated as a taxable distribution, and become subject to income tax (this does not apply in respect of shares sold to a third party through the market and held throughout the requisite holding period). Whilst it is hoped that this anomaly will at some point be ironed out in the legislation, investors who are looking to sell shares through a buyback for a higher price than they paid originally should seek advice in this regard. The Companies will also seek to inform investors of any developments on this point. For the avoidance of doubt, the issue described above is unrelated to the issue of 'Linked Sales' and the potential tax consequences in the event of a merger described in paragraph 3 below and elsewhere in this document.

(iv) Obtaining Tax Reliefs

- Income tax relief
A VCT issues each investor with a certificate which should be used to claim the income tax relief, either by obtaining from HMRC an adjustment to his/her tax coding under the PAYE system, or by waiting until the end of the tax year and using his/her Self Assessment Tax Return to claim relief.
Dividends received on shares acquired in VCTs up to the qualifying maximum of £200,000 per tax year need not be shown in the investor's Self Assessment Tax Return.
- Investors not resident in the UK
Investors not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.
VCT reliefs may not be available if the investor takes out a loan specifically to subscribe for New Ordinary Shares in the VCT.

(v) Future changes to the tax regime applicable to the Companies

The tax rules set out in this Part VI are a summary of certain applicable rules as at the date of this document. The taxation rules and their interpretation and/or any applicable rates of tax and tax reliefs may change at any time.

Investors should consult their own tax adviser before making an investment.

2. VCT STATUS

2.1 Qualifying as a VCT

The Companies have to satisfy a number of tests in order to qualify as a VCT and, therefore, to obtain the tax benefits available to VCTs and their individual shareholders. A summary of these tests is set out below. Where these tests refer to "value", this means according to the valuation methodology set out in S.278-9 of Chapter 3 of Part 6 to the Income Tax Act 2007.

In order to qualify as a VCT, the Companies must satisfy the following conditions in each accounting period:

- i. each of them must be approved as a VCT by HMRC;
- ii. each of them must not be a close company;
- iii. throughout the period each class of their equity share capital must be quoted on any regulated market in the EU or European Economic Area);
- iv. each of them must derive their income in that period wholly or mainly from shares or securities;
- v. each of them must have at least 70% by value of its investments throughout the period in newly issued shares or securities (where the securities are not redeemable within five years of issue) comprising Qualifying Holdings;
- vi. 70% by value of Qualifying Holdings (30% for funds raised prior to 6 April 2011) must be in 'eligible shares' which, for this purpose, are ordinary shares with no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends;
- vii. each of them must have at least 10% by value of each of its Qualifying Holdings in ordinary shares which carry no preferential rights to dividends or assets on winding up and no rights to be redeemed;
- viii. each of them must have not more than 15% by value of its investments throughout that period in each single company or group (other than a VCT or other similar company);
- ix. each of them must generally not retain more than 15% of the income which it derives from shares and securities in that period;

- x. neither of them should make an investment in a company which causes that company to receive more than £5 million of State Aid investment funding, including from VCTs in the 12 months ending on the date of the investment;
- xi. neither of them should make an investment in a company which causes that company to receive more than £12 million (£20 million for a “knowledge intensive company”) of State Aid investment funding;
- xii. neither of them should make an investment in a company where the company’s first commercial sale was more than 7 years (10 years for a “knowledge intensive company”) prior to the Company’s investment; and
- xiii. each of them must only make Qualifying Investments or certain Non-Qualifying Investments permitted by section 274 ITA 2007.

2.2 Qualifying Holdings

In order to qualify as a Qualifying Holding, each company in which the Companies make their investment must satisfy the following tests:

- i. it must be unquoted (which will, in the case of a company which was unquoted at the time of the VCT’s investment, be deemed to be the case for a further five years after the company ceases to be unquoted). Companies whose shares are traded on AIM, or are traded or quoted on the NEX, are treated as unquoted;
- ii. it must be a Qualifying Company (see below under section 2.3 “Qualifying Companies and qualifying subsidiaries”);
- iii. it must have gross assets of £15 million or less immediately pre-investment and £16 million or less immediately post-investment (in the case of companies which have qualifying subsidiaries (see below), the test is applied on a group basis);
- iv. it (or a relevant qualifying subsidiary of the Qualifying Company) must apply the money invested for the purposes of a qualifying trade;
- v. the Qualifying Company must have a permanent establishment in the UK at all times while the VCT is an investor in the company;
- vi. it must not be able to control (whether on its own or together with a connected person) any company which is not a qualifying subsidiary;
- vii. it must not be controlled by another company (on its own or together with a connected person);
- viii. for funds raised by VCTs on or after 6 April 2012, the Qualifying Company (or group) must have fewer than 250 full-time (or equivalent) employees (500 full-time (or equivalent) employees for “knowledge intensive companies”) at the time of investment, and must not receive more than £5 million from VCTs or other risk capital schemes in any 12 month period;
- ix. must not receive more than £5 million of State Aid investment funding, including from VCTs, in the 12 months ending on the date of the investment, nor a total of more than £12million (£20 million for a “knowledge intensive company”);
- x. its first commercial sale must be no more than 7 years (10 years for a Knowledge Intensive Company) prior to the date of the VCT’s investment, except where previous Risk Finance State Aid was received by the company within 7 years or where a turnover test is satisfied and the company is entering a new market; and
- xi. funds received from an investment by a VCT cannot be used to acquire shares in another company nor another existing business or trade.

In certain circumstances, a holding can be split into part Qualifying Holdings and part Non-Qualifying Holdings.

2.3 Qualifying Companies and qualifying subsidiaries

A Qualifying Company is a company which exists to carry on one or more qualifying trades (see below) or is the parent of a trading group, where all of its subsidiaries are qualifying subsidiaries and the group as a whole is not engaged in Non-Qualifying activities.

For the purposes of the test in (iv) under the heading “Qualifying Holdings” above, a subsidiary will be a relevant qualifying subsidiary if at least 90% of its issued share capital and its voting power is owned by the Qualifying Company or its wholly owned subsidiary. Certain other tests as to the distribution of the subsidiary’s profits and assets on a winding-up must also be satisfied.

In the case of the test in (vi) under the heading “Qualifying Holdings” above, a subsidiary will be a qualifying subsidiary if the majority of its issued share capital is owned by the Qualifying Company and the other tests are also satisfied.

A trade will be a qualifying trade only if it does not to a substantial extent include Non-Qualifying activities (Non-Qualifying activities include, but are not limited to, dealing in land or shares, providing financial services or activities which are largely land-based, such as farming, hotels and nursing homes). In the case of a company which is preparing to carry on a qualifying trade, the qualifying trade must begin within two years of the issue to the VCT of the shares or securities, and must continue thereafter.

In order for a company to be counted as a Qualifying Company, all of the money raised must be employed for the purpose of the qualifying activity within two years of the “trading time” (being the date of issue of the shares and securities or, where the money is raised for use in preparing to trade, the date when that trade starts to be carried on).

2.4 Approval as a VCT

A VCT must be approved as such at all times by HMRC. Approval has effect from the time specified in the approval, which cannot be earlier than the time at which the application for approval is made.

A VCT cannot be approved until the relevant tests (see above under the heading, “Qualifying as a VCT”) have been satisfied throughout the most recent complete accounting period of the VCT and HMRC is satisfied that the tests will be satisfied in relation to the accounting period of the VCT which is current at the time the application is made.

However, in order to facilitate the launch of VCTs, HMRC may grant provisional approval to a VCT, notwithstanding that not all the relevant tests are satisfied at the time of the application, provided that HMRC is satisfied that the tests will be satisfied within a certain period. In particular, HMRC may grant provisional approval if it is satisfied that:

- i. the relevant tests in (iii), (iv) and (vii) and (xiii) under section 2.1 “Qualifying as a VCT” above will either be satisfied in the accounting period during which the application for approval is made or the following accounting period;
- ii. the relevant tests in (v) and (vi) under section 2.1 “Qualifying as a VCT” above will be satisfied in relation to any accounting period beginning not more than three years after the time when approval is given, or if earlier, when it has effect; and
- iii. the relevant tests in (iii) to (xiii) under section 2.1 “Qualifying as a VCT” above will continue to be satisfied in all subsequent accounting periods.

Both the Companies have full approval as VCTs.

2.5 Withdrawal of approval

Approval of a VCT may be withdrawn by HMRC if the relevant tests (see above under section 2.1 “Qualifying as a VCT”) are not satisfied. Withdrawal of approval generally has effect from the time when notice of withdrawal is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all the tests were satisfied.

Approval may also be withdrawn if a VCT has issued shares and, within a period of 3 years of the date of that issue, makes a payment to its shareholders of an amount representing a repayment of share capital, other than for the purpose of redeeming or repurchasing any of those shares. Such a payment may also include the payment of any dividend or distribution.

The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT. For comprehensive clarification, investors are recommended to consult a professional adviser.

2.6 Loss of VCT Status

The following is a summary of the tax consequences for VCTs and their shareholders resulting from a loss of VCT Status.

(i) For the VCT

The exemption from corporation tax on capital gains will not apply to any gain realised after the time from which VCT status is lost. Where provisional approval is lost, all gains realised over the period during which provisional approval was in force will be subject to corporation tax. Should tax status be lost under section 274 of ITA the FCA will be notified as soon as possible.

(ii) For Qualifying Subscribers Income tax relief on investment

If VCT approval is treated as never having been given, or if it is withdrawn before the shares have been held for five years, the relief will be withdrawn by the making of an assessment for the year of assessment for which the relief was originally given on an amount equal to that relief. Interest on overdue tax may arise.

(iii) For Qualifying Subscribers and Qualifying Purchasers Dividend income

Dividend income will not be exempt from tax in respect of profits or gains arising or accruing in any accounting period at a time when VCT status has been lost.

(iv) Capital gains

If provisional VCT approval is withdrawn, approval is treated as never having been given. Gains and losses on shares in the VCT will be taxable and allowable in the ordinary way. If full VCT approval is withdrawn, the individual is treated as having disposed of his shares immediately before the status is lost. Thus, any capital gains realised up to that date will be exempt from tax, but gains after that date will be taxable in the ordinary way.

2.7 Withholding Taxation

No taxation will be withheld at source on any income arising from the New Ordinary Shares and the Company assumes no responsibility for such withholding.

3. Linked Sales

An investor may have their tax relief on a subscription for shares in a VCT restricted where they have disposed of shares in that VCT within the previous or subsequent 6 month period. This restriction on relief may also apply where an individual has subscribed for shares in a VCT which has merged (or subsequently merges) with the VCT they disposed of shares in. It is understood by the Boards of the Companies that HMRC is aware of this issue and intends to clarify the law in the coming months.

Part VI: GENERAL INFORMATION

A. AMATI VCT PLC

1. Incorporation and Administration

- 1.1 Amati VCT plc was incorporated and registered in Scotland on 21 January 2005 with limited liability as a public limited company under the 1985 Act with the name First State Investments AIM VCT plc and with registered number SC278722. In 2007, the First State Investments AIM VCT plc's name changed to Noble AIM VCT plc and in 2010 it changed to Amati VCT plc. VCTs are unregulated but are required to manage their affairs to obtain and maintain approval as a VCT under the provisions of section 274 of ITA. Amati VCT plc operates, and the New Ordinary Shares will be created, under the 2006 Act and the regulations made under the 2006 Act. Amati VCT plc's principal object is to carry on the business of a venture capital trust company. The objects of Amati VCT plc are set out in clause 4 of its memorandum of association (now incorporated into its articles of association by virtue of section 28 of the 2006 Act), a copy of which is available for inspection at the address set out on page 90 below.
- 1.2 Amati VCT plc was issued with a certificate of entitlement to do business and to borrow under section 117 of the 1985 Act by the Registrar of Companies on 2 February 2005.

2. Share Capital

- 2.1 As at 27 October 2017 (being the latest practicable date prior to the publication of this document), the authorised and issued fully paid share capital of Amati VCT plc was as follows:

	Authorised Share Capital		Issued Share Capital	
	No.	Nominal Value	No.	Nominal Value
Ordinary Shares	75,500,000	£7,550,000	60,255,435	£6,025,543.50

All the Ordinary Shares are listed on the premium segment of the Official List of the UK Listing Authority.

- 2.2 To enable Amati VCT plc to obtain a certificate of entitlement to do business under section 117 of the 1985 Act, on 24 January 2005 500,000 Redeemable Preference Shares were allotted and issued to First State Investment Managers and paid up as to one quarter. Such Preference Shares were subsequently paid up in full and, out of the proceeds of the subsequent issues of Ordinary Shares, redeemed at par on 4 October 2005. The unissued share capital created by the redemption of the Preference Shares was automatically re-designated on such redemption as unissued Ordinary Share capital without further resolution or consent.
- 2.3 Following redemption of the Preference Shares as described in paragraph 2.2 and the allotment of 11,228,335 Ordinary Shares under the Prior Offers, the authorised share capital of Amati VCT plc was £4,050,000 divided into 40,500,000 Ordinary Shares of which 11,228,337 Ordinary Shares were in issue.
- 2.4 Shareholders at the Annual General Meeting held on 28 June 2017 passed the following resolutions:

That, in substitution for any existing authorities, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors be and hereby are authorised in accordance with section 551 of the Companies Act 2006 (the "2006 Act"), as amended, to exercise all powers of the Company to allot shares of 10p each in the capital of the Company and to grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £3,500,000, provided that the authority conferred by this resolution shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

That, in substitution for any existing authorities, the directors be and hereby are empowered pursuant to sections 570 and 573 of the 2006 Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning subscribed to it in section 560 of the 2006 Act) for cash pursuant to the authority given in accordance with section 551 of the 2006 Act by resolution 11 above as if section 561(1) of the 2006 Act did not apply to any such allotment, up to an aggregate nominal amount of £3,500,000. The authority hereby conferred (unless previously renewed or revoked) by this resolution shall expire on the earlier of the date of the annual general meeting of the Company to be held in 2018 and the date which is 15 months after the date on which this resolution is passed.

That, in substitution for existing authorities, the Company be and is hereby empowered to make one or more market purchases within the meaning of Section 701 of CA 2006, of the Ordinary Shares (either for cancellation or for the retention of treasury shares for future re-issue or transfer) provided that:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued ordinary share capital of the Company as at the date of this resolution;
- (ii) the minimum price which may be paid per Ordinary Share is 10p per share, the nominal amount thereof;
- (iii) the maximum price (exclusive of expenses) which may be paid per ordinary Share is an amount equal to 105% of the average of the middle market quotation of such ordinary Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Ordinary Share is purchased;
- (iv) the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2018 and the date which is 15 months after the date on which this Resolution is passed; and
- (v) The Company may make a contract or contracts to purchase its own Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of such ordinary Shares pursuant to any such contract.

- 2.5 Immediately following the Offers, the authorised and issued share capital of Amati VCT plc calculated as at 27 October 2017 (being the latest practicable date prior to the publication of this document) will be as follows (assuming that the Offers are subscribed in full):

	Authorised No.	Nominal Value	Issued No.*	Nominal Value*
Ordinary Shares	75,500,000	£7,550,000	70,577,483	£7,057,748

* Assuming shares are allotted based on a formula using an Adjusted NAV per Ordinary Share of 95.91p as at 30 September 2017.

- 2.6 There have been the following changes to the issued/authorised share capital of Amati VCT since 31 August 2017:

	No. of Shares Allotted	No. of Shares Bought Back	Cumulative Total
11/09/2017	–	91,000	60,471,435
15/09/2017	–	25,000	60,446,435
22/09/2017	–	8,000	60,438,435
29/09/2017	–	16,000	60,422,435
05/10/2017	–	32,000	60,390,435
13/10/2017	–	135,000	60,255,435

- 2.7 Save as disclosed in this paragraph 2:

- (i) no share or loan capital of Amati VCT plc has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by Amati VCT plc in connection with the issue or sale of any such capital; and
- (ii) no share or loan capital of Amati VCT plc is under option or has been agreed, conditionally or unconditionally, to be put under option, nor does Amati VCT plc hold any Ordinary Shares in treasury.

- 2.8 The provisions of Section 570 of the 2006 Act (which, to the extent not disapplied pursuant to Section 561(1) of such Act, confer on the holders of Ordinary Shares rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of Amati VCT plc except to the extent disapplied by Amati VCT plc in general meeting. Subject to the provisions of the 2006 Act relating to authority, pre-emption rights and otherwise and of any resolution of Amati VCT plc in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

- 2.9 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by Amati VCT plc in the future, the holders of fully paid Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the number of Ordinary Shares held by them, to share in the whole of the profits of Amati VCT plc paid out as dividends and the whole of any surplus in the event of the liquidation of Amati VCT plc.

Rights as to Income

Any profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of the Ordinary Shares pro rata according to the amounts paid up or credited as paid up on the Ordinary Shares held by them.

Rights as to Capital

The capital and assets of Amati VCT plc on a winding-up or other return of capital shall be applied in repaying to the holders of Ordinary Shares the amounts paid up or credited as paid up on such shares and, subject thereto, shall belong to and be distributed according to the number of such shares held by them respectively.

3. Memorandum and Articles of Association

The memorandum of association of Amati VCT plc, which, by virtue of section 28 of the 2006 Act, is now treated as being part of the Articles, provides that Amati VCT plc's principal object is to carry on the business of a VCT. The objects of Amati VCT plc are set out in full in clause 4 of the memorandum of association which is available for inspection at the address specified on page 90 below.

The Articles, which are available for inspection at the address set out on page 90 below, contain, *inter alia*, provisions to the following effect:

3.1 Dividends

Subject to the provisions of all statutes and statutory instruments for the time being in force concerning companies and affecting Amati VCT plc (the “Statutes”), Amati VCT plc may by ordinary resolution declare dividends but no dividend shall be payable except out of the profits of Amati VCT plc available for distribution in accordance with the provisions of the Statutes and such dividend shall not exceed the amount recommended by the Directors. Subject to the provisions of the Statutes, the Directors may pay interim dividends if, in their opinion, such dividends are justified by the financial position of Amati VCT plc. No dividend or other monies payable on or in respect of an Ordinary Share shall bear interest as against Amati VCT plc. There are no fixed dates on which entitlement to dividend arises.

Any dividend unclaimed after a period of 12 years from the date on which such dividend became due for payment shall be forfeited and shall revert to Amati VCT plc.

3.2 Voting

Subject to disenfranchisement in the event of non-compliance with any Direction Notice in the circumstances referred to in paragraph 3.8 below, and to any rights or restrictions as to voting on which any Shares may be issued or may be held, every member who is present in person, including any corporation present by its duly authorised representative, at a general meeting of Amati VCT plc or by proxy and entitled to vote shall, on a show of hands, have one vote. On a poll every member present in person or by proxy and entitled to vote shall have one vote for each Ordinary Share of which he is a holder.

3.3 General Meetings

At least 21 clear days' notice in writing is required for annual general meetings and at least 14 clear days' notice in writing for any other general meeting. Notice of the meeting is to specify the place, day and time of the meeting and be given to the Auditors, the Directors and all members who are entitled under the provisions of the Articles to receive such notices from Amati VCT plc.

The Directors may determine that persons entitled to receive notice of meetings are those persons entered on the Register at the close of business on a day determined by the Directors which may not be more than 21 clear days before the date upon which the relevant notice is sent. An annual general meeting may be called by shorter notice if so agreed by all the members entitled to attend and vote thereat and a general meeting may be called by shorter notice if a majority of members entitled to attend and vote holding not less than 95%, in nominal value of the shares giving that right so agree. Notices of general meetings may be sent to members using electronic communication to such address as may for the time being be notified to Amati VCT plc for that purpose. Notices of general meetings may also be taken as given to a person where the notice has been posted on a website, that person has agreed that notices of meetings may instead be accessed by that person on a website, that person has been notified of the fact that the notice has been published on a website and the address of that website.

3.4 Variation of rights

Subject to the provisions of the Statutes, where the share capital of Amati VCT plc is divided into different classes of shares, all or any of the rights attached to any class may be varied as expressly provided by the rights attached to that class, or, in the absence of such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class and may be so varied either whilst Amati VCT plc is a going concern or during or in contemplation of a winding up. All of the provisions of the Statutes and the Articles relating to general meetings of Amati VCT plc or to the proceedings at such meetings shall, so far as applicable, apply to every such separate general meeting, except that:

- (i) no member shall be entitled to receive notice of such meeting or to attend it unless he is a holder of shares of the class in question and no vote shall be given except in respect of a share of that class;

- (ii) the necessary quorum at any such meeting (other than at an adjourned meeting) shall be two persons together holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class in question (unless all the shares of the class are registered in the name of a single shareholder, in which case the quorum shall be that single shareholder);
- (iii) at any adjourned meeting the necessary quorum shall be one person holding shares of that class or his proxy; and
- (iv) each holder of shares of the class in question present in person or by proxy and entitled to vote may demand a poll and on a poll each such holder shall have one vote in respect of every share of the class held by him.

3.5 Borrowing powers

Subject to the provisions of the Statutes and the Articles, the Directors may exercise all the powers of Amati VCT plc to borrow or raise money as they think necessary for the purposes of Amati VCT plc.

The Directors shall take all necessary steps (including the exercise of all voting and other rights or powers of control exercisable by Amati VCT plc in relation to its subsidiaries (if any) for securing that the aggregate principal amount at any one time outstanding in respect of monies borrowed by it or them or any of them shall not at any time, without the previous sanction of an ordinary resolution of Amati VCT plc, exceed an amount equal to 25% of the Adjusted Total Capital and Reserves. For this purpose, "Adjusted Total Capital and Reserves" means the aggregate of:

- (i) the amount for the time being paid up or credited as paid up on the issued share capital of Amati VCT plc; and
- (ii) the amounts standing to the credit of the reserves of Amati VCT plc (including the share premium account, revaluation reserve, capital redemption reserve, any credit balances on the consolidated profit and loss account and any reserve arising on the reduction or cancellation of the share premium account), all as shown in a consolidation of the then latest audited consolidated balance sheet of Amati VCT plc but subject to the deductions and adjustments set out in the Articles.

3.6 Alteration of capital

Amati VCT plc may from time to time by ordinary resolution:

- (i) increase its share capital by such sum, to be divided into shares of such amount(s) and currency or currencies, as the resolution shall prescribe; or
- (ii) consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger nominal amount than its existing shares; or
- (iii) subject to the provisions of the Statutes, sub-divide all or any of its existing shares into shares of smaller nominal amount; or
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of Amati VCT plc's share capital by the amount of the shares so cancelled.

Amati VCT plc may, subject to the provisions of the Statutes and to the rights attached to any class of shares for the time being in issue, from time to time by special resolution reduce its share capital or any capital redemption reserve, share premium account or other distributable reserve in any manner.

Amati VCT plc may purchase its own shares.

3.7 Transfer of shares

Ordinary Shares in uncertificated form may be transferred in accordance with and subject to the Statutes and the rules of the relevant system.

Transfers of Ordinary Shares in certificated form may be effected by an instrument of transfer in the usual or common form or in any other form acceptable to the Directors. The instrument of transfer of an Ordinary Share shall be signed by or on behalf of the transferor and, unless the Ordinary Share is fully paid, by or on behalf of the transferee.

A transferor shall remain the holder of the Ordinary Share concerned (whether a certificated share or an uncertificated share) until the name of the transferee is entered in the register of members as the holder of that Ordinary Share.

All instruments of transfer which are registered shall be retained by Amati VCT plc.

The Directors may, in their absolute discretion, refuse to register a transfer of any Ordinary Share held in certificated form unless:

- (i) the instrument of transfer is in respect of only one class of share;
- (ii) the transfer is in favour of a single transferee or not more than four joint members;

- (iii) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty; and
- (iv) the instrument of transfer is delivered for registration to the registrar's office or such other place as the Directors may from time to time determine, accompanied by the certificate(s) for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

If the Directors refuse to register a transfer under the Articles then in addition to sending the purported transferee notice of refusal, the Directors must also give reasons for the refusal and any further information about such reasons that the purported transferee may reasonably request.

Save in certain circumstances, the Directors may also refuse to register a transfer of any share in the event of noncompliance with any Direction Notice (given in the circumstances referred to in paragraph 3.8 below) relating to such share. None of the restrictions on transfer will be implemented in a manner which prevents dealings in Amati VCT plc's shares taking place on an open and proper basis.

The Directors may in their absolute discretion refuse to register the transfer of a certificated share which is not fully paid or on which Amati VCT plc has a lien, provided that such refusal may not be exercised in such a way as to prevent dealings in shares of that class taking place on an open and proper basis.

If the Directors refuse to register the transfer of an uncertificated share or of any such uncertificated right of allotment of a share, the Company shall, within 2 months after the date on which the transfer instruction was received by the company, send a notice of refusal to the purported transferee, together with the reasons for the refusal and the Directors shall provide the purported transferee with such further information about the reasons for the refusal as the purported transferee may reasonably request.

Subject to the Statutes, registration of transfers of shares may be suspended and the register of members closed for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year and notice of such closing shall be given in accordance with the Statutes.

3.8 Non-disclosure of interests in Shares and restrictions on Shares

The Directors may by notice in writing (a "Direction Notice") to a member of Amati VCT plc direct that from the date of service of the Direction Notice, the shares held by such member will be subject to some or all of the relevant restrictions (as defined below) if that member, or any other person appearing to be interested in shares in the relevant share capital of Amati VCT plc held by that holder, has been duly served with and fails to comply with a notice under section 793 of the 2006 Act or any other provision or any Statute concerning the disclosure of interests in voting shares, in respect of those shares within 14 days of the date of such service. The "relevant restrictions" mean, in the case where the shares in respect of which the Direction Notice is given represent not less than 0.25% of the issued shares of the class in question, if the relevant Direction Notice so directs, that:

- (i) the whole or part of any dividends which would otherwise be payable in respect of such shares may be retained by Amati VCT plc;
- (ii) all or any shares which would otherwise be issued by Amati VCT plc in lieu of a cash dividend on the default shares shall be withheld from the member or otherwise retained by Amati VCT plc;
- (iii) no transfers of such certificated shares shall be registered, save for sales to bona fide unconnected third parties (such as a sale through a recognised investment exchange or by the acceptance of a takeover offer) or where the member is not himself in default in supplying the information required or the transfer is of part only of the member's holding and the Directors are satisfied that none of the shares comprised in the transfer are the subject of the Direction Notice;
- (iv) the relevant member shall not (for so long as the default continues) nor shall any transferee to whom any of such shares are transferred (other than pursuant to a transfer to a bona fide unconnected third party or where the member is not himself in default in supplying the information required or the transfer is of part only of the member's holding and the Directors are satisfied that none of the shares comprised in the transfer are the subject of the Default Notice) be entitled to attend and vote, either personally or by proxy, at a general meeting (including a separate meeting of the holders of shares of a particular class) or to exercise any other right conferred by membership in relation to such meeting; and
- (v) in any other case means only the restrictions specified in sub-paragraph (iv) above.

3.9 Directors

- (i) Unless otherwise determined by ordinary resolution of Amati VCT plc, the number of Directors shall not be less than two or more than ten.

- (ii) A Director shall not be required to hold any shares in Amati VCT plc by way of qualification for office. Each Director is nevertheless entitled to receive notice of and to attend and speak at any general meeting of Amati VCT plc (and at all separate meetings of the holders of a class of shares or debentures) irrespective of whether he is a member.
- (iii) At the first annual general meeting of Amati VCT plc, all the Directors shall retire from office and at every subsequent general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to, but not greater than, one third) shall retire from office by rotation. Notwithstanding the foregoing, no director shall continue to hold office as a Director after the third annual general meeting following his election or re-election, as the case may be, without submitting himself for re-election at the said third annual general meeting. In addition to the foregoing requirements, a Director shall retire from office when necessary to ensure that he offers himself for re-election at intervals no greater than those required by any relevant codes of corporate governance.

Any Director who retires in accordance with this paragraph (iii) may, subject to the other provisions of the Articles, offer himself for re-election.

- (iv) The ordinary remuneration of the Directors (other than any Director who holds any executive office, including for this purposes the office of chairman or deputy chairman where such office is held in an executive capacity, or employment with Amati VCT plc or any subsidiary of Amati VCT plc entitling him to remuneration under any agreement and who is not thereby entitled to any fees as a Director) shall not exceed in aggregate £100,000 per annum (or such other amount as may from time to time be determined by ordinary resolution of Amati VCT plc). Such remuneration shall be deemed to accrue from day to day and shall be divisible among the Directors in such proportion and manner as the Directors may determine. Any Director who holds any executive office (including for this purpose the office of chairman or deputy chairman where such office is held in an executive capacity) or employment with Amati VCT plc or any subsidiary of Amati VCT plc, or who serves on any committee of the Directors or who otherwise provides services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid such remuneration or benefits by way of salary, commission, participation in profits or otherwise, in addition to or in substitution for his ordinary remuneration as a Director, as the Directors may determine. Such additional remuneration shall not be taken into account for the purposes of the limitation set out above. In addition, Amati VCT plc may also pay or repay to each Director his reasonable travelling, hotel and other expenses as he may properly incur in connection with the business of Amati VCT plc.
- (v) Subject to the provisions of the Statutes and provided that he has disclosed to the Directors the nature and extent of any interest, a Director may, notwithstanding his office, (1) be a party to, or in any way interested in, any contract, arrangement, transaction or proposal, to which Amati VCT plc is a party or in which Amati VCT plc is in any way interested, whether directly or indirectly and (2) hold and be remunerated in respect of any office or place of profit with Amati VCT plc or any company associated with Amati VCT plc and he (or any associated company in which he is interested or a member) may act in a professional capacity for Amati VCT plc or any such associated company and be remunerated therefore and in any such case, unless otherwise agreed, he may retain for his absolute use and benefit all profits, remuneration and advantages or other benefit realised or accruing to him thereunder or in consequence thereof. Subject to any agreement to the contrary between Amati VCT plc and the Director, a Director may be or become a Director or other officer of, or otherwise interested in, any undertaking promoted by Amati VCT plc or in which Amati VCT plc may be interested and shall not, unless otherwise agreed, be liable to account to Amati VCT plc for any profit, remuneration or other benefits realised or receivable by him as a Director or officer of, or from his interest in, such other undertaking.
- (vi) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of, or termination of, appointment) of two or more Directors to offices or other positions within Amati VCT plc or any associated company, the proposals may be divided and considered in relation to each Director separately. In any such case, each of the Directors concerned (if not already barred from voting) shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- (vii) Except as provided in the Articles, a Director shall not vote at a meeting of the Directors or a committee of the Directors on any resolution in respect of any contract, arrangement, transaction or any other proposal of any kind in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest other than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, Amati VCT plc unless the material interest arises only from one or more of the following:
 - (a) any contract, arrangement, transaction or other proposal concerning an offer of shares, debentures or other securities of or by Amati VCT plc or any of its subsidiary undertakings for subscription or purchase in an offer in which he is, or maybe, entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- (b) any contract, arrangement, transaction or other proposal to which Amati VCT plc is or is to be a party concerning any other body corporate in which he or persons connected with him do not to his knowledge, directly or indirectly, hold an interest in shares (as that term is used in sections 820 to 825 of the 2006 Act) representing 1% or more of either any class of the equity share capital or the voting rights in such body corporate;
- (c) any contract, arrangement, transaction or other proposal concerning in any way a pension, retirement superannuation, death and/or disability benefits scheme or fund or employees' share scheme under which he may benefit and which either (a) has been approved, or is conditional upon approval, by the Board of HMRC for taxation purposes, or (b) relates to both employees and Directors of Amati VCT plc (or any associated company) and does not award him any privilege or benefit not generally awarded to employees to whom such scheme or fund relates; and
- (d) any contract or other proposal concerning any insurance which Amati VCT plc is empowered to purchase or to maintain for or for the benefit of any Directors or for persons including Directors.

A Director shall not be counted in the quorum present at a meeting in relation to any resolution on which he is not entitled to vote.

- (viii) The Articles contain provisions which give the Directors authority to approve a situation where a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with Amati VCT plc's interests. There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict as follows:
 - (a) only independent Directors (that is, those Directors who have no interest in the matter being considered) will be able to take the relevant decision; and
 - (b) in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote Amati VCT plc's success. The independent Directors will be able to impose limits or conditions when giving authorisation of which they think is appropriate.
- (ix) The Articles also contain provisions to ensure that a Director must not impart confidential information in respect of the matter which gives rise to a conflict of interest or potential conflict of interest, if under a duty of confidentiality to another company.
- (x) The Articles contain provisions stating that a Director need not participate in board discussions or consider board papers in respect of the matter which gives rise to a conflict of interest or potential conflict of interest. These provisions only apply where the position giving rise to the potential conflict has previously been authorised by the Directors in accordance with the 2006 Act.
- (xi) The Articles contain provisions that allow Amati VCT plc to approach the Shareholders in the future for their individual agreement to use electronic mail and/or publication on its website for Company communications. It is the Board's intention that, it will in due course, approach Shareholders for their individual agreement to use either electronic mail and/or publication on Amati VCT plc's website of Company communications.

3.10 Distribution of realised capital profits

At any time when Amati VCT plc has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company (a "Relevant Period"), any distribution of Amati VCT plc's capital profits (within the meaning of section 833(2)(c) of the 2006 Act) shall be prohibited, except to the extent that the requirements for investment company status under section 833 of the 2006 Act do not require a company to prohibit the distribution of its capital profits in its memorandum or articles of association.

The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, revaluation, repayment of or other dealing with any capital asset in excess of the book value thereof and all other monies realised on or derived from the realisation, repayment of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the 2006 Act, the Board may determine whether any amount received by Amati VCT plc is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation, revaluation or repayment of or other dealing with any investments or other capital assets and, subject to the 2006 Act, any expenses, loss or liability (or provision there for) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve.

During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which the sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature

of accretion to capital shall be transferred to the revenue reserves of Amati VCT plc or be regarded or treated as profits of Amati VCT plc available for distribution (within the meaning ascribed thereto by section 833(2) of the 2006 Act) otherwise than by way of redemption or purchase of any of Amati VCT plc's own Ordinary Shares. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserve of Amati VCT plc or be regarded or treated as profits of Amati VCT plc available for distribution (as defined by section 833(2) of the 2006 Act) or applied in paying dividends on any shares in Amati VCT plc.

3.11 Duration and winding-up

The Board shall procure that at the annual general meeting of Amati VCT plc held in 2020 and at every fifth annual general meeting thereafter, an ordinary resolution will be proposed to the effect that Amati VCT plc shall continue in being as a VCT. If, at any such meeting, such resolution is not passed the Company shall not issue any further shares except explicitly on the basis that they may not qualify for full VCT relief or that those reliefs may be withdrawn, and, the board shall within the period of six months after the fifth anniversary of the last share issue by the Company done prior to the Continuation Resolution convene a general meeting of the Company at which a special resolution shall be proposed to wind up the Company.

The board may as part of the Liquidation Proposals make proposals for the reconstruction of the Company (including for the avoidance of doubt for a rollover of any assets of the Company into any successor vehicle) provided that the proposals would, if approved, also provide shareholders with the opportunity to realise their investments in the company for cash on a basis not materially less favourable than would be available in a simple winding up.

If Amati VCT plc is wound up, the liquidator may, with the authority of a special resolution of Amati VCT plc and any other authority required by the Statutes, divide among the members in specie or in kind the whole or any part of the assets of Amati VCT plc (whether or not the assets consist of property of the same kind or not), set such value as he deems fair upon any one or more class or classes of property and determine how such division shall be carried out as between the members or different classes of members and vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit but no member shall be compelled to accept any shares or other assets in respect of which there is an actual or potential liability. If the Merger proceeds, Amati VCT will go into liquidation at that time and those Shareholders who become Shareholders of Amati VCT 2 will then be subject to the provisions of the Amati VCT 2 Articles.

4. Directors', Managers' and Other Interests in Amati VCT plc

- 4.1 Other than that set out in 4.8 below, Amati VCT plc is not aware of any person, not being a member of its administrative, management or supervisory bodies, who, as at the date of this document, is directly interested in 3% or more of the issued share capital of Amati VCT plc and is required to notify such interest in accordance with the Disclosure and Transparency Rules.
- 4.2 The number of Ordinary Shares (all of which are held beneficially) held by the Directors and their respective immediate families as at 30 September 2017 are set out below, together with the number of Ordinary Shares currently intended to be held following the Offers (providing such applications are met in full) all of which beneficially owned by them are:

	Before the Offers		Following the Offers*	
	No. of Ordinary Shares	% of issued share capital	No. of Ordinary Shares	% of issued share capital
Directors				
Peter Lawrence	303,110	0.50	375,364	0.53
Michael Lawrence	163,970	0.27	236,224	0.33
Louise Lawrence	188,218	0.31	260,472	0.37
Charles Pinney	29,377	0.05	39,699	0.06
Elizabeth Pinney	13,952	0.02	13,952	0.02
Brian Scouler	52,558	0.09	62,880	0.09
Julia Henderson	11,683	0.02	22,005	0.03

* Assuming shares are allotted based on a formula using an Adjusted NAV per Ordinary Share of 95.91p as at 30 September 2017, and assuming the Offers are fully subscribed

- 4.3 There are no service contracts in existence between Amati VCT plc and any of the Directors nor are any such contracts proposed. However, Amati VCT plc has entered into letters of appointment with each of Peter Lawrence and Charles Pinney on 7 February 2005, amended on 1 April 2007 and further amended in May 2009 and May 2010, under the terms of which Peter Lawrence as Chairman of the Company is entitled to annual remuneration of £24,325 and Charles Pinney as the Chairman of the Audit Committee is entitled to annual remuneration of £22,550, or such higher amounts as the Directors may from time to time determine, subject to the limit contained in the Articles. Brian Scouler was appointed as Director on 25 October 2011 and Julia Henderson was appointed as Director on 1 July 2013. Amati VCT has entered

into letters of appointment with Julia Henderson and Brian Scouler under which they are entitled to annual remuneration of £21,550 each or such higher amount as the Directors may from time to time determine, subject to the limit contained in the Articles. No amount has been set aside or accrued by Amati VCT plc to provide pension, retirement or similar benefits. The services of Peter Lawrence are provided to Amati VCT plc through ECO Animal Health Group plc.

The letters of appointment provide that directors are appointed for a period of up to three years and are subject to re-election by shareholders at the first annual general meeting after their appointment. In accordance with corporate governance best practice, the Board has resolved that all directors will stand for re-election on an annual basis. Their re-election is subject to shareholder approval. The letters of appointment are available for inspection on request. There is no period of notice to be given to terminate the letters of appointment and no provision for compensation upon early termination of appointment.

- 4.4 None of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of Amati VCT plc and which was effected by Amati VCT plc since its incorporation and which remains in any respect outstanding or unperformed.
- 4.5 For each of the financial periods ending February 2015, February 2016 and February 2017, and for the current financial period up until the date of this document, Amati VCT plc has not entered into any related party transactions for the purposes of Regulation (EC) No. 1606/2002 other than the contracts referred to in paragraph 7 below.
- 4.6 No loan or guarantee has been granted or provided by Amati VCT plc to or for the benefit of any Director.
- 4.7 It is estimated that the aggregate amount to be paid to the Directors for the financial year ending February 2018 under the arrangements in force at the date of this document will not exceed £100,000 (plus out of pocket expenses). During the financial year ended February 2017 the Directors received the following remuneration (including any contingent or deferred compensation, and benefits in kind granted by Amati VCT for services in all capacities to Amati VCT):

Peter Lawrence	£24,325
Julia Henderson	£21,550
Charles Pinney	£22,050
Brian Scouler	£21,550
Total	£89,475

No amounts have been set aside or accrued by Amati VCT to provide pension, retirement or similar benefits.

- 4.8 Other than that set out below and insofar as is known to Amati VCT plc, as at 27 October 2017 (the latest practicable date prior to the publication of the document), there is no party who is interested, directly or indirectly in 3% or more of the capital of Amati VCT plc. Amati VCT plc is not aware, as at 27 October 2017 (the latest practicable date prior to the publication of the document), of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over Amati VCT plc or any arrangement, the operation of which may at a subsequent date result in a change of control of Amati VCT plc. All Shareholders have the same voting rights.

Name	Number of Ordinary Shares at the date of this document	% of issued share capital
Hargreaves Lansdown (Nominees) Limited	3,081,464	5.11

- 4.9 Amati VCT plc has directors' and officers' liability insurance for the protection of the Directors, renewable on an annual basis.
- 4.10 The current directorships and partnerships and the directorships and partnerships of the Directors during the last five years are listed below:

Director	Current directorships/partnerships	Past directorships/partnerships
Peter Lawrence	Amati VCT plc	Bluestone FX Limited
	Baronsmead Venture Trust plc	
	Baronsmead VCT plc	
	Petlove Limited	
	Eco Animal Health Group plc	
	Eco Animal Health Limited	
	Higher Nature Limited	
	Emmelle Developments Limited	
	C-Corp Limited	

Anpario plc
Aquatice Limited
Kiotech Limited
7 Springfield Road Management Company Limited
ICA in Israel
JCA Charitable Foundation
Emmelle Construction Limited
Algatechnologies Limited
Dynamic Design UK Holdings

Director	Current directorships/partnerships	Past directorships/partnerships
Julia Henderson	Amati VCT plc	Alkane Energy Limited
		TP Group plc
		Eco Animal Health plc
		GTL Resources Overseas Investments Limited
		GTL Resources plc
		Mackendrick Limited

Director	Current directorships/partnerships	Past directorships/partnerships
Charles Pinney	Amati VCT plc	Proven Health VCT plc
		Baronsmead VCT 5 plc

Director	Current directorships/partnerships	Past directorships/partnerships
Brian Scouler	Amati VCT plc	Garvald Community Enterprises Limited
	Tag Travel UK Limited	Tentel Limited

4.11 As at 30 September 2017, Amati VCT held 344,359 shares in Anpario plc ("Anpario"), an AIM traded company of which Peter Lawrence is non-executive chairman. As at 30 September 2017 Mr Lawrence held 30,000 shares in Anpario in his own name, Mr Lawrence's charitable trust held 27,950 shares and members of Mr Lawrence's immediate family held 5,400 shares. Save as disclosed in this paragraph there is no conflict of interest between Amati VCT plc, the duties of the Directors and their interests.

4.12 No Director has any convictions in relation to fraudulent offences during the previous five years.

4.13 Save as disclosed above, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where Amati VCT plc had been established for fewer than five years (which is not the case) or (iv) a senior manager during the previous five years.

4.14 There has been no official public incrimination and/or sanction of any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

4.15 The Audit Committee

The Audit Committee comprises each member of the Board over which Charles Pinney presides as Chairman.

The Audit Committee monitors the integrity of Amati VCT plc's financial statements and any formal announcements relating to Amati VCT plc's financial performance. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditors. It is also responsible for ensuring that an appropriate relationship between Amati VCT plc and the external auditors is maintained including reviewing non-audit services and fees. The Committee reviews its terms of reference and its effectiveness twice per year and recommends to the Board any changes required as a result of the review and also meets privately with the auditors.

4.16 The Remuneration and Management Engagement Committee

The Remuneration and Management Engagement Committee comprises each member of the Board over which Brian Scouler presides as Chairman.

The Remuneration and Management Engagement Committee is responsible for:

- (i) Considering levels and make up of remuneration, to ensure they are sufficient to attract, retain and motivate directors with the qualities required to run Amati VCT plc successfully;
- (ii) Ensuring that provisions of the Listing Rules are fulfilled regarding disclosure of remuneration including pensions;
- (iii) Producing an annual report of the Committee's remuneration policy which forms part of Amati VCT plc's annual report and accounts; and
- (iv) Reviewing fees payable to Amati VCT plc's advisers (other than the auditors) and the other terms of the advisers contracts (including specifically the Investment Management Agreement).

4.17 The Nomination Committee

The Nomination Committee comprises each member of the Board and Brian Scouler is appointed as chairman. The Nomination Committee is responsible for:

- (i) regularly reviewing the Board structure, size and composition (including the knowledge, experience, skills and diversity) and making recommendations to the Board with regard to any changes;
- (ii) drawing up plans for succession for the Board;
- (iii) identifying and nominating candidates for the approval of the Board to fill vacancies;
- (iv) producing a description of the role and capabilities required for a particular appointment;
- (v) agreeing the formal letter of appointment to the Board;
- (vi) making recommendations to the Board as to the suitability of any director for re-election or re-appointment based on performance appraisals;
- (vii) reviewing its own performance, constitution and terms of reference at least once a year.

4.18 Investment Managers' Interests in Amati VCT plc

The number of Ordinary Shares (all of which are held beneficially) held by the Investment Managers, certain members of the management team and their respective immediate families as at 30 September 2017 are set out below, together with the number of Ordinary Shares currently intended to be held following the Offers (providing such applications are met in full) and all of which beneficially owned by them are:

	Before the Offers		Following the Offers*	
	No. of Ordinary Shares	% of issued share capital	No. of Ordinary Shares	% of issued share capital
Paul Jourdan	290,466	0.48	316,271	0.45
Douglas Lawson	20,320	0.03	20,320	0.03
David Stevenson	14,134	0.02	14,134	0.02

* Assuming shares are allotted based on a formula using an Adjusted NAV of 95.91p per Ordinary Share as at 30 September 2017, and assuming the Offers are fully subscribed

5. Investment Policy, Listing Requirements and Investment Restrictions

Amati VCT plc's income is derived wholly or mainly from shares or other securities. Amati VCT plc intends to manage its own affairs in respect of each accounting period so as to maintain approval from HMRC as a VCT under the provisions of section 274 of ITA. Accordingly, none of Amati VCT plc's investments, other than in a venture capital trust or a company which would qualify as a venture capital trust if it were listed, will represent more than 15% by value of its investments.

Not more than 20% of Amati VCT plc's gross assets are invested in the securities of property companies, that is, in any companies primarily engaged in property activities which include:

- i. the holding of properties or the development of properties for letting and retention as investments; or
- ii. the purchase or development of properties for subsequent sale.

It is intended that the following conditions will continue to be met:

- i. that the Directors, and any investment manager of Amati VCT plc, will have sufficient and satisfactory experience in the management of investments of the type in which Amati VCT plc intends to invest;

- ii. that the Directors of Amati VCT plc will act independently of the investment manager of the investments, and, in particular, a majority of the Board will not be directors or employees of, or former directors or employees of, or professional advisers to such investment manager or any other company in the same group as such investment manager;
- iii. that Amati VCT plc will not control the companies in which it invests in such a way as to render them subsidiary undertakings; and
- iv. that Amati VCT plc will adhere to the restrictions on investments set out in this paragraph 6.

Amati VCT plc is also subject to the investment restrictions in the listing rules of the FCA which specify that:

- i. Amati VCT plc must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
- ii. Amati VCT plc must not conduct any trading activity which is significant in the context of its group as a whole;
- iii. Amati VCT plc may not invest more than 10% in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds; and
- iv. any material change to the investment policy of Amati VCT plc will require the approval of Shareholders.

6. Overseas Investors

No person receiving a copy of the Prospectus or a Subscription Form in any territory other than the UK may treat the same as constituting an invitation or offer to him nor should he in any event use such Subscription Form unless, in the relevant territory, such an invitation or offer could be lawfully made to him or such Subscription Form could be lawfully used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application to satisfy himself as to the full observance of the laws of the relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All applicants under the Offers will be required to warrant that they are not a US person as defined under the United States Securities Act of 1933 nor a resident of Canada as set out in the terms and conditions of the Offers as set out in the Prospectus.

7. Material Contracts

Save for the following contracts, as at the date of this document, there were no contracts (being contracts entered into otherwise than in the ordinary course of business) entered into with Amati VCT plc (i) within two years immediately preceding the date of this document which are or may be material or (ii) which contain any provision under which Amati VCT plc has any obligation or entitlement which is material to Amati VCT plc as at the date of this document:

- i. an investment management and administration agreement (the "IMA") dated 7 February 2005 between Amati VCT plc and the Manager whereby the Manager agreed to manage the investments and other assets of Amati VCT plc on a discretionary basis subject to the overall policy of the Directors. Amati VCT plc will pay to the Manager under the terms of the IMA a quarterly fee of 0.4375% of the net asset value of Amati VCT plc in arrears (i.e. 1.75% per annum). Under the original agreement, the Manager was also entitled to receive a performance related management fee on the achievement of certain performance criteria (although the performance fee has now been waived). In terms of the IMA, the Manager has also agreed to provide certain company secretarial and administrative services to Amati VCT plc. Amati VCT plc agreed to pay to the Manager a fee of £50,000 (index linked from 7 February 2005) annually in arrears in respect of the provision of these services. The appointment of the Manager as investment manager may be terminated by either party on one year's notice, provided that no notice of termination may be given in respect of the provision of investment management services prior to the third anniversary of the date of the IMA. The appointment of the Manager as administrator and company secretary may be terminated on one year's notice. The Manager's appointment may also be terminated at any time without compensation if at any time the Manager is, inter alia, unable to pay its debts or goes into receivership or administration or is guilty of any material breach of duty or negligence in relation to the performance of its duties under the IMA. The IMA may also be terminated at any time, without compensation being payable to the Manager if Paul Jourdan ceases to work on a day-to-day basis on the management of Amati VCT plc's investment portfolio, unless he is replaced with persons acceptable to the Board, in its sole discretion.
- ii. a supplemental agreement to the IMA dated 6 December 2005 between Amati VCT plc and the Manager ("Supplemental Agreement") under which the Manager's entitlement to a performance fee was amended. The performance fee has however now been waived in full.
- iii. a side letter to the IMA dated 20 March 2007 between Amati VCT plc and the Manager under which it is agreed that the new ordinary shares pursuant to the placing form part of Pool B, for the purposes of the performance fee, the performance fee has, however, now been waived in full.

- iv. a novation agreement dated 3 April 2007 between Amati VCT plc, the Manager and First State Investment Management (UK) Limited ("FSIM") pursuant to which the rights and obligations of FSIM under the IMA were novated to the Manager with effect from 4 June 2007. In addition FSIM and the Manager agreed to co-operate over access to Amati VCT plc's records and FSIM agreed to wait until the next annual general meeting of Amati VCT plc for a proposal to be put to Shareholders to change Amati VCT plc's name to a name not including "First State Investments".
- v. the deed of variation to the IMA dated 21 November 2007 entered into between Amati VCT plc and the Manager pursuant to which the terms for calculation and payment of performance fees to the Manager were amended and restated. The performance fee has however now been waived in full. The deed of variation provided that where the Investment Manager negotiates and structures an investment directly with a company, most commonly as a convertible loan, the Investment Manager retains the right to charge the investee company a fee. Any legal expenses incurred by the Investment Manager will be paid out of this fee.
- vi. a Deed of Variation dated 2 July 2010 between Amati VCT plc and the Manager in which the IMA was amended by deleting the existing Clause 14.4.5 to the IMA and substituting therefore a key person clause in which the key person was identified as Paul Jourdan. The amendment states that if Paul Jourdan ceases to devote the whole of his time and attention to the business of the Manager and/or ceases to work on a day-to-day basis on the management of the Portfolio, unless within twenty Business Days of the date of such cessation the Manager has proposed to the Client, in its sole discretion and such replacement commencing his/her role within sixty days of the date of cessation of the Key Person and upon being designated this replacement shall then become the Key Person for the purpose of that agreement.
- vii. a Deed of Variation to the IMA dated 20 July 2014 between Amati VCT and the Manager providing that any performance fee in respect of any performance period of the Company on or after March 2014 is waived.
- viii. a Sponsor Agreement between SPARK Advisory Partners Limited, Amati VCT, Amati VCT 2 and the Manager, providing for SPARK to provide sponsorship services in connection with the Offer and the Potential Merger, pursuant to which SPARK is entitled to a fee of up to £50,000 (plus VAT where applicable) to be shared equally between Amati VCT and Amati VCT 2.

8. Miscellaneous

- 8.1 The total expenses payable by Amati VCT plc in connection with the Offers (assuming the Offers are fully subscribed) are expected to be around £110,970 (including amounts paid by way of, fees and irrecoverable VAT where applicable). If the maximum of £10m is raised by Amati VCT, the net proceeds of the Offers to Amati VCT will amount to £9,889,030. The net proceeds will be applied in accordance with Amati VCT plc's investment policy.
- 8.2 The principal place of business and registered office of Amati VCT plc is at The City Partnership (UK) Limited, 110 George Street, Edinburgh, EH2 4LH (telephone number: 0131 243 7210). Amati VCT plc does not have, nor has it had since its incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises.
- 8.3 Amati VCT plc is not regulated to conduct investment business under the Financial Services and Markets Act 2000, nor authorised by the FCA (although it is registered as a small UK registered AIFM).
- 8.4 DTR 5 of the Disclosure Guidance and Transparency Rules requires a Shareholder to notify Amati VCT plc of the percentage of its shares he holds if such percentage reaches, exceeds or falls below 3%, or subsequent 1% thresholds. Amati VCT plc will make such information public, through a Regulatory Information Service.
- 8.5 Amati Global Investors is the manager of Amati VCT plc. The principal place of business and registered office of Amati Global Investors is at 18 Charlotte Square, Edinburgh EH2 4DF (telephone number: 0131 503 9100). The Manager is regulated to conduct investment business under the Financial Services and Markets Act 2000, and is authorised by the FCA.
- 8.6 Where information set out in this document has been sourced from a third party the source has been identified at the relevant place in the document and Amati VCT plc confirms that this information has been accurately reproduced and, as far as Amati VCT plc is aware and able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 8.7 The Manager, Rooney Nimmo, and Spark Advisory Partners Limited as sponsor, have given and not withdrawn their consent to the issue of the Prospectus with references to their names in the form and context in which such references appear.
- 8.8 Amati VCT plc's registrars are Share Registrars Limited.
- 8.9 There is no, and since its incorporation there has been no, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Amati VCT plc is aware), which may have, or have had in the recent past, significant effects on Amati VCT plc's financial position or profitability.

- 8.10 None of Amati VCT plc's capital is under option, nor are there any conditional or unconditional agreements for any of the Amati VCT plc's capital to be put under option.
- 8.11 Save in respect of the Offers, none of the New Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the New Ordinary Shares to be admitted to the Official List.
- 8.12 The Directors of each Company believe that if the level of subscription under the Offers reaches 25% of the NAV of Amati VCT plc (which as at the date of this document would be £14,587,555), the Offers will constitute a significant gross change in Amati VCT plc by increasing the net assets of Amati VCT plc by the amount of the net funds raised under the Offers. An increase in net assets could have certain consequences, potentially including a reduction in the annual expense ratio of Amati VCT plc, increasing the size and range of investments which Amati VCT plc could undertake and increasing the number of investments Amati VCT plc would be required to make in order to meet the VCT eligibility rules. The effects of the Offers on the earnings of the holders of Ordinary Shares is expected to be positive since the fixed costs of operating Amati VCT plc will be spread over a larger asset base, thereby reducing the running cost per Ordinary Share.
- 8.13 None of Amati VCT plc's service providers have any conflict, or potential conflict, as between their duty to Amati VCT plc and duties owed by them to third parties and other interests.
- 8.14 Each Company and their respective Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of Shares by financial intermediaries. The offer period within which subsequent resale or final placement of Shares by financial intermediaries can be made and for which consent to use the Prospectus is given is from the date of the Prospectus until 31 August 2018, unless previously extended by the Directors to a date not later than 26 October 2018. There are no conditions attaching to this consent. The Prospectus can only be used within the United Kingdom.
- 8.15 Amati VCT will issue up to 15 million New Ordinary Shares in respect of the Offer and the DRIS. The precise number of Amati VCT shares issued will depend, inter alia, on the NAV of Amati VCT at the time of allotment.

In the event of an offer being made by a financial intermediary, any financial intermediary using the prospectus has to state on its website that it uses the prospectus in accordance with the consent and the terms and conditions of the offer at the time they introduce the Offer to investors.

9. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Amati VCT during business hours on any weekday from the date of this document (Saturdays and public holidays excepted) for as long as this Prospectus remains valid:

- 9.1 the memorandum and articles of association of Amati VCT plc;
- 9.2 the audited accounts for the periods ended 28 February 2015, 29 February 2016 and 28 February 2017 and the unaudited half-yearly accounts for the six months ended 31 August 2016 and 31 August 2017; and
- 9.3 this document comprising the Prospectus.

B. AMATI VCT 2 PLC

1. Incorporation and Administration

- 1.1 Amati VCT 2 plc was incorporated and registered in England and Wales on 10 January 2001 with limited liability as a public limited company under the Companies Act 1985 with the name Singer & Friedlander AIM 3 VCT plc and with registered number 04138683. On 29 January 2001, the company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 266 of the Companies Act 1985. The company revoked this status on 22 August 2006. The company changed its name to ViCTory VCT PLC on 16 June 2009. The company changed its name to Amati VCT 2 plc on 9 November 2011. VCTs are unregulated but are required to manage their affairs to obtain and maintain approval as a VCT under the provisions of section 274 of ITA. Amati VCT 2 plc operates, and the New Ordinary Shares will be created, under the 2006 Act and the regulations made under the 2006 Act. Amati VCT 2 plc's principal object is to carry on the business of a holding company, a VCT and an investment company. The objects of Amati VCT 2 plc are set out in clause 3 of its memorandum of association (now incorporated into its articles of association by virtue of section 28 of the 2006 Act), a copy of which is available for inspection at the address set out on page 91 below.
- 1.2 Amati VCT 2 plc was issued with a certificate of entitlement to do business and to borrow under section 117 of the 1985 Act by the Registrar of Companies on 10 January 2001.

2. Share Capital

- 2.1 As at 27 October 2017 (being the latest practicable date prior to the publication of this document), the authorised and issued fully paid share capital of Amati VCT 2 plc was as follows:

	Issued Share Capital	
	No.	Nominal Value
Ordinary Shares	34,350,306	£1,717,515.30

All the Ordinary Shares are listed on the premium segment of the Official List of the UK Listing Authority.

- 2.2 Following adoption of the current articles of association Amati VCT 2 plc has removed the requirement for authorised share capital.
- 2.3 Shareholders at the Annual General Meeting held on 28 June 2017 passed the following resolutions:

THAT, in substitution for any existing authorities, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors be and hereby are authorised in accordance with section 551 of the Companies Act 2006 (the "2006 Act"), as amended, to exercise all powers of the Company to allot shares of 5p each in the capital of the Company and to grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £1,250,000, provided that the authority conferred by this resolution shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

THAT in substitution for any existing authorities, the directors be and hereby are empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560 of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by resolution 10 above as if section 561(1) of the Act did not apply to any such allotment, up to an aggregate nominal amount of £1,250,000. The authority hereby conferred by this resolution shall expire (unless previously renewed or revoked) on the earlier of the date of the annual general meeting of the Company to be held in 2018 and the date which is 15 months after the date on which this resolution is passed.

THAT, in substitution for existing authorities, the Company be and is hereby empowered to make one or more market purchases within the meaning of Section 701 of the Act, of the Ordinary Shares (either for cancellation or for the retention of treasury shares for future re-issue or transfer) provided that:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued ordinary share capital of the Company as at the date of this resolution;
- (ii) the minimum price which may be paid per Ordinary Share is 5p per share, the nominal amount thereof;

- (iii) the maximum price (exclusive of expenses) which may be paid per Ordinary Share is an amount equal to 105% of the average of the middle market quotation of such Ordinary Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Ordinary Share is to be purchased;
- (iv) the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2018 and the date which is 15 months after the date on which this Resolution is passed; and
- (v) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of such Ordinary Shares pursuant to any such contract.

THAT the Company may send or supply documents or information to shareholders by making them available on a website or other electronic means.

- 2.4 Immediately following the Offers, issued share capital of Amati VCT 2 plc calculated as at 27 October 2017 (being the latest practicable date prior to the publication of this document) will be as follows (assuming that the Offers are subscribed in full but not including the over-allotment option in respect of Amati VCT 2):

Nature of information	Issued No.*	Nominal value*
Ordinary Shares	46,600,704	£2,330,035

* Assuming shares are allotted based on a formula using an Adjusted NAV per Ordinary Share of 161.62 p as at 30 September 2017.

- 2.5 There have been the following changes to the issued/authorised share capital of Amati VCT 2 since 31 July 2017:

	No. of Shares Allotted	No. of Shares Bought Back	Cumulative Total
17/08/2017	–	27,088	34,558,405
23/08/2017	–	15,099	34,543,306
11/09/2017	–	48,000	34,495,306
13/09/2017	–	5,000	34,490,306
15/09/2017	–	12,000	34,478,306
22/09/2017	–	57,000	34,421,306
29/09/2017	–	13,000	34,408,306
05/10/2017	–	10,000	34,398,306
13/10/2017	–	48,000	34,350,306

- 2.6 Save as disclosed in this paragraph 2:

- (i) no share or loan capital of Amati VCT 2 plc has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by Amati VCT 2 plc in connection with the issue or sale of any such capital; and
- (ii) other than as set out in paragraph 7 (b) below, no share or loan capital of Amati VCT 2 plc is under option or has been agreed, conditionally or unconditionally, to be put under option, nor does Amati VCT 2 plc hold any Ordinary Shares in treasury.

- 2.7 The provisions of Section 570 of the 2006 Act (which, to the extent not disapplied pursuant to Section 561 (1) of such Act, confer on the holders of Ordinary Shares rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the authorised but unissued share capital of Amati VCT 2 plc except to the extent disapplied by Amati VCT 2 plc in general meeting. Subject to the provisions of the 2006 Act relating to authority, pre-emption rights and otherwise and of any resolution of Amati VCT 2 plc in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

- 2.8 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by Amati VCT 2 plc in the future, the holders of fully paid Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the number of Ordinary Shares held by them, to share in the whole of the profits of Amati VCT 2 plc paid out as dividends and the whole of any surplus in the event of the liquidation of Amati VCT 2 plc.

3. Articles of Association

The Articles provide that Amati VCT 2 plc's principal object is to carry on the business of a holding company, a VCT and an investment company. The objects of Amati VCT 2 plc are set out in full in article 3.2 of the Articles which are available for inspection at the address specified on page 91 below.

The Articles, contain, inter alia, provisions to the following effect:

3.1 Dividends

Amati VCT 2 plc may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against Amati VCT 2 plc. All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to Amati VCT 2 plc.

3.2 Voting

Subject to any disenfranchisement as provided in the Articles and subject to any special terms as to voting on which any shares may be issued, on a show of hands every member present in person (or, being a corporation present by a duly authorised representative) shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every share of which he is the holder.

3.3 General Meetings

An annual general meeting shall be held once a year (and specified as such in the notice convening the meeting) at such time and place as may be determined by the Directors. An annual general meeting and any general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution of which special notice has been given to Amati VCT 2 plc, shall be called by at least 21 clear days' notice in writing. Any other general meeting shall be called by at least 14 clear days' notice given by Amati VCT 2 plc. Notice shall be given to all members, other than those who are not entitled under the Articles to receive notice. Every notice calling a general meeting shall specify the place, day and time of the meeting. Every notice must include a prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of Amati VCT 2 plc.

3.4 Variation of rights

Whenever the capital of Amati VCT 2 plc is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal amount of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of such holders.

3.5 Borrowing powers

The Directors may exercise all the powers of Amati VCT 2 plc to borrow money and to mortgage or charge its undertaking, property and assets and uncalled capital. The Directors shall restrict the borrowings of Amati VCT 2 plc and, by the exercise of Amati VCT 2 plc's voting and other rights or powers of control over its subsidiary undertakings (if any), secure that they restrict their borrowings, so that the aggregate amount at any time outstanding in respect of money borrowed by the group, being Amati VCT 2 plc and its subsidiary undertakings for the time being, shall not, without the previous sanction of an ordinary resolution of Amati VCT 2 plc, exceed the amount standing to the credit of the reserves of Amati VCT 2 plc (all as shown by the latest published audited balance sheet of the Company) subject to certain adjustments and deductions as set out in the Articles.

3.6 Alteration of capital

Without prejudice to any rights attached to any existing shares, any shares may be issued with such rights or conditions as Amati VCT 2 plc may by ordinary resolution determine or, in the absence of such determination, as the Directors may determine. Subject to the 2006 Acts, Amati VCT 2 plc may issue shares which are, or at the option of Amati VCT 2 plc or the holder are, liable to be redeemed. Amati VCT 2 plc may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide its shares or any of them into shares of smaller amounts, cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction. Subject to the 2006 Acts, Amati VCT 2 plc may by special resolution reduce its share capital, any capital redemption reserve and any share premium account and may also, subject to the 2006 Acts, purchase its own shares (excluding any redeemable shares).

3.7 Transfer of shares

All transfers of shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a share shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid share, provided that such refusal does not prevent dealings taking place on an open and proper basis, and may also refuse to register any instrument of transfer unless:

- 3.7.1 it is duly stamped (if so required), is lodged with Amati VCT 2 plc's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer,
- 3.7.2 it is in respect of only one class of share; and in the case of a transfer of joint holders the transferees do not exceed four in number.

3.8 Disclosure of interests in Shares and restrictions on Shares

If any member or other person appearing to be interested in shares of Amati VCT 2 plc is in default in supplying within 14 days after the date of service of a notice requiring such member or other person to supply to Amati VCT 2 plc in writing all or any such information as is referred to in section 793 of the 2006 Act, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares. The restrictions available are the suspension of voting and rights of attendance at meetings of Amati VCT 2 plc in respect of the relevant shares and, additionally, in the case of a shareholder representing at least 0.25% by nominal value of any class of shares of Amati VCT 2 plc then in issue, the withholding of payment of any dividends on and the restriction of transfer of the relevant shares.

3.9 Directors' interest

- 3.9.1 A Director who is in any way, directly or indirectly, interested in any transaction or arrangement with Amati VCT 2 plc shall, at a meeting of the Directors, declare, in accordance with the 2006 Acts, the nature of his interest.
- 3.9.2 Provided that he has declared his interest in accordance with the Articles a Director may be a party to or otherwise interested in any transaction or arrangement with Amati VCT 2 plc or in which Amati VCT 2 plc is otherwise interested and may be a director or other officer of or otherwise interested in any body corporate promoted by Amati VCT 2 plc or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit or remuneration which he derives from such office, interest, any such action or arrangement.
- 3.9.3 A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any direct/indirect interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, Amati VCT 2 plc unless the Director has made a declaration disclosing the nature and extent of such interests and has obtained from the other Directors their authorisation for the above in accordance with the provisions of the statutes, and unless his interest arises only because the case falls within one or more of the following paragraphs:
 - (a) the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of Amati VCT 2 plc or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; any proposal concerning the subscription by him of shares, debentures or other securities of Amati VCT 2 plc or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities for subscription, purchase or exchange;
 - (c) any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
 - (d) any proposal relating to an arrangement for the benefit of the employees of Amati VCT 2 plc or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates;
 - (e) any proposal concerning insurance which Amati VCT 2 plc proposes to maintain or purchase for the benefit of directors of Amati VCT 2 plc or for the benefit of persons including directors of Amati VCT 2 plc.

Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with Amati VCT 2 plc or any company in which Amati VCT 2 plc is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

3.10 Retirement of Directors

At the annual general meeting of Amati VCT 2 plc next following the appointment of a Director he shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or reappointed a Director.

3.11 Remuneration of directors

The ordinary remuneration of the Directors (other than an executive director appointed under the Articles) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by Amati VCT 2 plc in general meeting, the aggregate of the ordinary remuneration of such Directors shall not exceed £90,000 per annum. The Directors shall also be paid by Amati VCT 2 plc all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties. Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purposes of Amati VCT 2 plc may be paid such extra remuneration as the Directors may determine.

The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependant on or after retirement or death.

3.12 Distribution of realised capital profits

Amati VCT 2 plc may, after the recommendation by the Board, resolve by ordinary resolution that is desirable to capitalise all or any part of the profits of the Company.

At any time when Amati VCT 2 plc has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company (a Relevant Period), distribution of Amati VCT 2 plc's capital profits (within the meaning of section 833 of the 2006 Act) shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the 2006 Act, the Board may determine whether any amount received by Amati VCT 2 plc is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment or other dealing with any investments or other capital assets and, subject to the 2006 Act, any expenses, loss or liability (or provision therefore) which the Board considers to relate to capital or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of Amati VCT 2 plc or be regarded or treated as profits of Amati VCT 2 plc available for distribution (as defined by section 829 of the 2006 Act) except to the extent that the requirements for investment company status under the 2006 Act do not require a company to prohibit the distribution of capital profits in its articles of association or be applied in paying dividends on any shares in Amati VCT 2 plc. In periods other than a Relevant Period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of Amati VCT 2 plc available for distribution (as defined by section 829 of the 2006 Act) or be applied in paying distributions on any shares in Amati VCT 2 plc.

3.13 Duration and winding-up

The Articles contain provisions requiring the Board to propose an ordinary resolution at the annual general meeting of Amati VCT 2 plc to be held in 2020 and at the annual general meetings at five year intervals thereafter, proposing that Amati VCT 2 plc shall continue in being as a VCT. If such resolution is not passed, the Board shall within nine months of such meeting convene a general meeting where two special resolutions shall be proposed: 1) a special resolution for the reorganisation or reconstruction of Amati VCT 2 plc; and if such resolution is not passed, 2) a special resolution requiring the VCT to be wound up voluntarily. If neither resolution is passed, the Company shall continue as a venture capital trust.

4. Directors', Managers' and Other Interests in Amati VCT 2 plc

- 4.1 Other than that set out in 4.8 below, Amati VCT 2 plc is not aware of any person, not being a member of its administrative, management or supervisory bodies, who, as at the date of this document, is directly interested in 3% or more of the issued share capital of Amati VCT 2 plc and is required to notify such interest in accordance with the Disclosure and Transparency Rules.
- 4.2 The number of Ordinary Shares (all of which are held beneficially) held by the Directors and their respective immediate families as at 30 September 2017 are set out below, together with the number of Ordinary Shares currently intended to be held following the Offers (providing such applications are met in full) all of which beneficially owned by them are:

Directors	Before the Offers		Following the Offers*	
	No. of Ordinary Shares	% of issued share capital	No. of Ordinary Shares	% of issued share capital
Julian Avery	100,807	0.29	113,057	0.24
Mike Killingley	49,833	0.14	52,895	0.11
Susannah Nicklin	2,877	0.01	9,002	0.02

* Assuming shares are allotted based on a formula using an Adjusted NAV per Ordinary Share of 161.62p as at 30 September 2017 and assuming the Offers are fully subscribed (but not including the over-allotment option in respect of Amati VCT 2)

- 4.3 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 9 of this Part VI below, for the provision of their services as directors for the fees disclosed in paragraph 4.7 below. These agreements entered into between the Company and Julian Avery, Mike Killingley, and Susannah Nicklin took effect from 8 November 2011, 22 February 2006 and 4 May 2016 respectively. Christopher Macdonald resigned as a director on 31 December 2016. Chris Moorsom resigned as a director on 23 June 2016. The agreements are terminable by either party as prescribed by law and/or the Articles. There are no commission or profit sharing arrangements and no compensation is payable on termination of the agreements. No amounts have been put aside to provide pensions, retirement or similar benefits to any Directors. Save as disclosed in this paragraph, none of the Directors has entered into any service contract with the Company.

The letters of appointment provide that directors are appointed for a period of up to three years and are subject to re-election by shareholders at the first annual general meeting after their appointment. In accordance with corporate governance best practice, the board have resolved that all directors will stand for re-election on an annual basis. Their re-election is subject to shareholder approval. The letters of appointment are available for inspection on request. There is no period of notice to be given to terminate the letters of appointment and no provision for compensation upon early termination of appointment.

- 4.4 None of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of Amati VCT 2 plc and which was effected by Amati VCT 2 plc since its incorporation and which remains in any respect outstanding or unperformed.
- 4.5 For each of the financial periods ending 31 January 2015, 31 January 2016, 31 January 2017 and 31 July 2017 and for the current financial period up to the date of this document, Amati VCT 2 plc has not entered into any related party transactions for the purposes of Regulation (EC) No. 1606/2002 other than the contracts referred to in paragraphs 7 (b), (c), (d), (e) and (g) below.
- 4.6 No loan or guarantee has been granted or provided by Amati VCT 2 plc to or for the benefit of any Director.
- 4.7 It is estimated that the aggregate amount to be paid to the Directors for the financial year ending 31 January 2018 under the arrangements in force at the date of this document will not exceed £90,000 (plus out of pocket expenses). During the financial year ended 31 January 2017 the Directors received the following remuneration (including any contingent or deferred compensation, and benefits in kind granted by Amati VCT for services in all capacities to Amati VCT 2, plus out of pocket expenses):

Julian Avery	£23,500
Mike Killingley	£19,000
Susannah Nicklin	£12,242
Christopher Macdonald (resigned 31 December 2016)	£15,125
Christopher Moorsom (resigned 23 June 2016)	£6,554
Total	£76,421

No amounts have been set aside or accrued by Amati VCT 2 to provide pension, retirement or similar benefits.

- 4.8 Other than that as set out below and insofar as is known to Amati VCT 2 plc, as at 27 October 2017 (the latest practicable date prior to the publication of the document), there is no party who is interested, directly or indirectly in 3% or more of the capital of Amati VCT 2 plc. Amati VCT 2 plc is not aware, as at 27 October 2017 (the latest practicable date prior to the publication of the document), of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over Amati VCT 2 plc or any arrangement, the operation of which may at a subsequent date result in a change of control of Amati VCT 2 plc. All Shareholders have the same voting rights.

Name	Number of Ordinary Shares at the date of this document	% of issued share capital
Hargreaves Lansdown (Nominees) Limited	1,177,074	3.43

- 4.9 Amati VCT 2 plc has directors' and officers' liability insurance for the protection of the Directors, renewable on an annual basis.
- 4.10 The current directorships and partnerships and the directorships and partnerships of the Directors during the last five years are listed below:

Director	Current directorships/partnerships	Past directorships/partnerships
Julian Avery	Amati VCT 2 plc	St Michael's Hospice Hastings and Rother
	Rye Golf Club Limited	St Michael's Hospice Lottery Limited
		St Michael's Hospice (Retail) Limited
		Charles Taylor plc
		Warner Estate Holdings plc
		The Butler Trust

Director	Current directorships/partnerships	Past directorships/partnerships
Michael Killingley	Amati VCT 2 plc	University of Southampton Holdings Limited
		Gosport Ferry Ltd
		FIH Group plc
		The Portsmouth Harbour Ferry Company Limited

Director	Current directorships/partnerships	Past directorships/partnerships
Susannah Nicklin	Amati VCT 2 plc	Baronsmead VCT plc
	Apprecie Limited	
	City of London Investment Group plc	

- 4.11 No Director has any convictions in relation to fraudulent offences during the previous five years.
- 4.12 Save as disclosed above, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where Amati VCT 2 plc had been established for fewer than five years (which is not the case) or (iv) a senior manager during the previous five years.
- 4.13 There has been no official public incrimination and/or sanction of any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

4.14 The Audit Committee

The Audit Committee comprises each member of the Board, other than Julian Avery who is not a member of the Audit Committee, and over which Mike Killingley presides as Chairman. Although Julian Avery is not a member of the Audit Committee, he is invited to attend Audit Committee meetings.

The Audit Committee monitors the integrity of Amati VCT 2 plc's financial statements and any formal announcements relating to Amati VCT 2 plc's financial performance. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditors. It is also responsible for ensuring that an appropriate relationship between Amati VCT 2 plc and the external auditors is maintained including reviewing non-audit services and fees. The Committee reviews its terms of reference and its effectiveness twice per year and recommends to the Board any changes required as a result of the review and also meets privately with the auditors.

4.15 There is no conflict of interest between Amati VCT 2 plc, the duties of the Directors and their interests.

4.16 Investment Managers' Interests in Amati VCT 2 plc

The number of Ordinary Shares (all of which are held beneficially) held by the Investment Managers, certain members of the management team and their respective immediate families as at 30 September 2017 are set out below, together with the number of Ordinary Shares currently intended to be held following the Offers (providing such applications are met in full) all of which beneficially owned by them are:

	Before the Offers		Following the Offers*	
	No. of Ordinary Shares	% of issued share capital	No. of Ordinary Shares	% of issued share capital
Paul Jourdan	256,266	0.74	271,578	0.58
Douglas Lawson	15,770	0.05	15,770	0.03
David Stevenson	9,120	0.03	9,120	0.02

* Assuming shares are allotted based on a formula using an Adjusted NAV of 161.62p per Ordinary Share as at 30 September 2017 and assuming the Offers are fully subscribed (but not including the over-allotment option in respect of Amati VCT 2)

5. Investment Policy, Listing Requirements and Investment Restrictions

Amati VCT 2 plc's income is derived wholly or mainly from shares or other securities. Amati VCT 2 plc intends to manage its own affairs in respect of each accounting period so as to maintain approval from HMRC as a VCT under the provisions of section 274 of ITA. Accordingly, none of Amati VCT 2 plc's investments, other than in a venture capital trust or a company which would qualify as a venture capital trust if it were listed, will represent more than 15 % by value of its investments.

Not more than 20 % of Amati VCT 2 plc's gross assets are invested in the securities of property companies, that is, in any companies primarily engaged in property activities which include:

- the holding of properties or the development of properties for letting and retention as investments; or
- the purchase or development of properties for subsequent sale.

It is intended that the following conditions will continue to be met:

- that the Directors, and any investment manager of Amati VCT 2 plc, will have sufficient and satisfactory experience in the management of investments of the type in which Amati VCT 2 plc intends to invest;
- that the Directors of Amati VCT 2 plc will act independently of the investment manager of the investments, and, in particular, a majority of the Board will not be directors or employees of, or former directors or employees of, or professional advisers to such investment manager or any other company in the same group as such investment manager;
- that Amati VCT 2 plc will not control the companies in which it invests in such a way as to render them subsidiary undertakings; and
- that Amati VCT 2 plc will adhere to the restrictions on investments set out in this paragraph 6.

Amati VCT 2 plc is also subject to the investment restrictions in the listing rules of the FCA which specify that:

- Amati VCT 2 plc must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
- Amati VCT 2 plc must not conduct any trading activity which is significant in the context of its group as a whole;
- Amati VCT 2 plc may not invest more than 10% in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds; and
- any material change to the investment policy of Amati VCT 2 plc will require the approval of Shareholders.

6. Overseas Investors

No person receiving a copy of the Prospectus or a Subscription Form in any territory other than the UK may treat the same as constituting an invitation or offer to him nor should he in any event use such Subscription Form unless, in the relevant territory, such an invitation or offer could be lawfully made to him or such Subscription Form could be lawfully used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application to satisfy himself as to the full observance of the laws of the relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All applicants under the Offers will be required to warrant that they are not a US person as defined under the United States Securities Act of 1933 nor a resident of Canada as set out in the terms and conditions of the Offers as set out in the Prospectus.

7. Material Contracts

Save for the following contracts, as at the date of this document, there were no contracts (being contracts entered into otherwise than in the ordinary course of business) entered into with Amati VCT 2 plc (i) within two years immediately preceding the date of this document which are or may be material or (ii) which contain any provision under which Amati VCT 2 plc has any obligation or entitlement which is material to Amati VCT 2 plc as at the date of this document:

- i. Each of the Directors has entered into a letter of appointment on the terms described in paragraph 4.3 above.
- ii. An investment management and administration agreement (the “IMA”) dated 18 March 2010 between Amati VCT 2 plc and the Manager whereby the Manager agreed to manage the investments and other assets of Amati VCT 2 plc on a discretionary basis subject to the overall policy of the Directors. Amati VCT 2 plc will pay to the Manager under the terms of the IMA a quarterly fee of 0.4375% of the net asset value of the Company in arrears (i.e. 1.75% per annum). The IMA contained provisions for a performance fee but the Manager subsequently waived all rights to performance fee and there is no longer any performance fee payable. Under the terms of the IMA, the Manager has also agreed to provide certain company secretarial and administrative services to Amati VCT 2 plc. Amati VCT 2 plc agreed to pay to the Manager a fee of £65,000 (subject to an annual increase in line with the retail prices index) annually in arrears in respect of the provision of these services. The appointment of the Manager as investment manager and/or administrator and company secretary may be terminated on one year’s notice. Where the Investment Manager negotiates and structures an investment directly with a company, most commonly as a convertible loan, the Investment Manager retains the right to charge the investee company a fee. Any legal expenses incurred by the Investment Manager will be paid out of this fee.
- iii. A deed of variation to the IMA dated 28 September 2011 between the Company and the Manager providing that the Manager will cap the annual running costs of the Company at 3.5 % of the Company’s net assets, with any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the Directors’ and Manager’s fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fees payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).
- iv. A deed of variation to the IMA dated 20 March 2014 between the Company and the Manager providing that any Performance Fee due in respect of any performance period of the Company on or after 1 August 2014 is waived
- v. A Sponsor Agreement between SPARK Advisory Partners Limited, Amati VCT, Amati VCT 2 and the Manager, providing for Spark to provide sponsorship services in connection with the Offer and the Merger Proposals, pursuant to which Spark is entitled to a fee of up to £50,000 (plus VAT where applicable) to be shared equally between Amati VCT and Amati VCT 2.

8. Miscellaneous

- 8.1 The total expenses payable by Amati VCT 2 plc in connection with the Offers (assuming the Offers are fully subscribed) are expected to be around £110,970 (including amounts paid by way of, fees and irrecoverable VAT where applicable). If the maximum of £10 million is raised by Amati VCT 2 (not including the over-allotment option in respect of Amati VCT 2), the net proceeds of the Offers to Amati VCT 2 will amount to £9,889,030. The net proceeds will be applied in accordance with Amati VCT 2 plc’s investment policy.
- 8.2 The principal place of business and registered office of Amati VCT 2 plc is 27/28 Eastcastle Street, London, W1W 8DH. Amati VCT 2 plc does not have, nor has it had since its incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises except that Amati VCT 2 plc had a subsidiary, Singer & Friedlander AIM 3 VCT Limited which was dissolved on 10 January 2012.
- 8.3 Amati VCT 2 plc is not regulated to conduct investment business under the Financial Services and Markets Act 2000, nor authorised by the FCA although it is registered with the FCA as a small UK registered AIFM.

- 8.4 DTR 5 of the Disclosure Guidance and Transparency Rules requires a Shareholder to notify Amati VCT 2 plc of the percentage of its shares he holds if such percentage reaches, exceeds or falls below 3%, or subsequent 1% thresholds. Amati VCT 2 plc will make such information public, through a Regulatory News Service.
- 8.5 Amati Global Investors is the manager of Amati VCT 2 plc. The principal place of business and registered office of Amati Global Investors is at 18 Charlotte Square, Edinburgh, EH2 4DF (telephone number: 0131 503 9100). The Manager is regulated to conduct investment business under the Financial Services and Markets Act 2000, and is authorised by the FCA.
- 8.6 Where information set out in this document has been sourced from a third party the source has been identified at the relevant place in the document and Amati VCT 2 plc confirms that this information has been accurately reproduced and, as far as Amati VCT 2 plc is aware and able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 8.7 The Manager, SPARK Advisory Partners Limited, as sponsor, and Rooney Nimmo have given and not withdrawn their consent to the issue of the Prospectus with references to their names in the form and context in which such references appear.
- 8.8 Amati VCT 2 plc's registrars are Share Registrars Limited.
- 8.9 There is no, and since its incorporation there has been no, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Amati VCT 2 plc is aware), which may have, or have had in the recent past, significant effects on Amati VCT 2 plc's financial position or profitability.
- 8.10 None of Amati VCT 2 plc's capital is under option, nor are there any conditional or unconditional agreements for any of Amati VCT 2 plc's capital to be put under option.
- 8.11 Save in respect of the Offers, none of the New Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the New Ordinary Shares to be admitted to the Official List.
- 8.12 The Directors of each Company believe that if the level of subscription under the Offers reaches 25% of the NAV of Amati VCT 2 plc (which as at the date of this document would be £13,698,295), the Offers will constitute a significant gross change in Amati VCT 2 plc by increasing the net assets of Amati VCT 2 plc by the amount of the net funds raised under the Offers. An increase in net assets could have certain consequences, potentially including a reduction in the annual expense ratio of Amati VCT 2 plc, increasing the size and range of investments which Amati VCT 2 plc could undertake and increasing the number of investments Amati VCT 2 plc would be required to make in order to meet the VCT eligibility rules. The effects of the Offers on the earnings of the holders of Ordinary Shares is expected to be positive since the fixed costs of operating Amati VCT 2 plc will be spread over a larger asset base, thereby reducing the running cost per Ordinary Share.
- 8.13 None of Amati VCT 2 plc's service providers have any conflict, or potential conflict, as between their duty to Amati VCT 2 plc and duties owed by them to third parties and other interests.
- 8.14 Each Company and their respective Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of Shares by financial intermediaries. The offer period within which subsequent resale or final placement of Shares by financial intermediaries can be made and for which consent to use the Prospectus is given is from the date of the Prospectus until 31 August 2018, unless previously extended by the Directors to a date not later than 26 October 2018. There are no conditions attaching to this consent. The Prospectus can only be used within the United Kingdom.
- 8.15 If the Potential Merger proceeds, Amati VCT 2 will potentially issue up to 55 million Consideration Shares in aggregate in respect of Merger. The precise number of Consideration Shares issued will depend upon the take up of the Offers and the DRIS for Amati VCT, and the respective NAVs of Amati VCT and Amati VCT 2 at the time at which the Merger takes place.

In the event of an offer being made by a financial intermediary, any financial intermediary using the prospectus has to state on its website that it uses the prospectus in accordance with the consent and the terms and conditions of the offer at the time they introduce the Offer to investors.

9. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Amati VCT during business hours on any weekday from the date of this document (Saturdays and public holidays excepted) for as long as this Prospectus remains valid:

- 9.1 the memorandum and articles of association of Amati VCT 2 plc;
- 9.2 the audited accounts for the periods ended January 2015, January 2016 and January 2017, and the unaudited half-yearly accounts for the six months ended July 2016 and July 2017; and
- 9.3 this document comprising the Prospectus.

PART VII: DEFINITIONS

In this document, the following words and expressions have the following meanings (references to “the Company” apply to Amati VCT or Amati VCT 2 as the context demands):

“2006 Act”	the Companies Act 2006 (as amended)
“2017/18 Offer”	the Offers for subscription of New Ordinary Shares in relation to the 2017/18 tax year
“2018/19 Offer”	the Offers for subscription of New Ordinary Shares in relation to the 2018/19 tax year
“1985 Act”	the Companies Act 1985 (as amended)
“Adjusted Net Asset Value” or “Adjusted NAV”	the aggregate of the gross assets of the relevant Company less its current liabilities calculated in accordance with the Company’s accounting policies and adjusted in respect of securities valued at a spread, so that they are valued at the mid-price value of the closing bid and ask prices of the London Market Maker price feed
“Admission”	admission of the New Ordinary Shares to the premium Segment of the Official List and to trading on the London Stock Exchange becoming effective
“AGI” or “Amati Global Investors”	Amati Global Investors Limited
“AIFM”	Alternative Investment Fund Manager
“AIM”	the Alternative Investment Market of the London Stock Exchange
“Amati VCT”	Amati VCT plc
“Amati VCT 2”	Amati VCT 2 plc
“Amati VCTs”	means Amati VCT and Amati VCT 2
“Applicant”	a Shareholder participating in the Dividend Re-Investment Scheme or where a shareholder holds Ordinary Shares as nominee, the person, being the beneficial owner of the Ordinary Shares registered in the name of that Shareholder, participating in the Dividend Re-Investment Scheme
“Articles”	the articles of association of the Company
“Associate”	an associate as defined in paragraph 5(5) of Section 332 of ITA
“Companies”	Amati VCT and Amati VCT 2, and “Company” shall mean either of them as relevant
“Consideration Shares”	up to a maximum of 55,000,000 New Ordinary Shares in Amati VCT 2 to be issued to shareholders of Amati VCT in relation to the Potential Merger
“CREST”	the computerised settlement system to facilitate the transfer of title to securities in uncertified form operated by Euroclear
“Deed of Variation”	the deed of variation to the IMA entered into between Amati VCT and the Manager on 2 July 2010
“Directors” or “Board”	the directors of the Company
“Dividend Re-Investment Scheme”, “DRIS” or the “Scheme”	the Amati VCT or Amati VCT 2 dividend re-investment scheme established in accordance with the Scheme Terms and Conditions
“EPIC”	Exchange Price Information Code
“Euroclear”	means Euroclear UK and Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the Ordinary Shares currently in existence as at the date of this document

“FCA”	The Financial Conduct Authority and any successor body or bodies
“FSMA”	Financial Services and Markets Act 2000
“HMRC”	HM Revenue and Customs
“ITA”	Income Tax Act 2007 (as amended)
“IFRS”	International Financial Reporting Standards
“IMA”	in relation to Amati VCT, the investment management and administration agreement entered into between Amati VCT and Amati Global Investors as amended; and in relation to Amati VCT 2, the investment management and administration agreement entered into between Amati VCT 2 and Amati Global Investors as amended
“ISIN”	International Securities Identification Number
“NEX”	the NEX Exchange (formerly known as ISDX (ICAP Securities and Derivatives Exchange)
“Latest Practicable Date prior to date of allotment”	the date on which the weekly NAV is calculated, in the week prior to the date on which shares are allotted under the Offer
“Linked Sale” or “Linked Sales”	a sale and subscription within 6 months of each other or described in s.264A of ITA 2007
“Listing Rules”	the Listing Rules of the FCA
“London Market Maker”	means a registered market maker registered with the London Stock Exchange
“London Stock Exchange”	London Stock Exchange plc
“Manager” or “Amati Global Investors” or “AGI”	Amati Global Investors Limited
“Merger” or “Potential Merger”	the potential merger between the two VCTs described in more detail in the Joint Letter from the Chairman of Amati VCT and Amati VCT 2 on pages 22 to 23 and in Part III, pages 49 to 52.
“Net Asset Value” or “NAV”	the aggregate of the gross assets of the relevant Company less its current liabilities calculated in accordance with the Company’s accounting policies, unless otherwise stated
“NAV per Share”	the aggregate of the gross assets of the relevant Company less its current liabilities calculated in accordance with the Company’s accounting policies on a per share basis
“New Ordinary Shares”	Ordinary Shares to be issued pursuant to the Offers and/or under the Dividend Re-Investment Scheme
“Non-Qualifying Investment”	not a Qualifying Investment
“Offer(s)” or “Linked Offers”	the Offer or Offers for subscription by Amati VCT and/or Amati VCT 2 as described in this document
“Offer Price(s)”	the offer prices per share as described in Part III of this document
“Official List”	the Official List maintained by the UKLA
“Ordinary Shares” or “Shares”	in the case of Amati VCT, ordinary shares of 10 pence each in the capital of the Company; and in the case of Amati VCT 2, ordinary shares of 5 pence each in the capital of the Company
“Proposals”	the Offers as described in this document
“Prospectus”	this document dated 27 October 2017

“Qualifying Company”	an unquoted (including AIM traded or NEX traded) company or group carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Chapter 4 of Part 6 of ITA
“Qualifying Holding”	shares in, or securities of a Qualifying Company held by a VCT which meets the requirements described in Part 6 of ITA
“Qualifying Investment”	an investment in a Qualifying Holding
“Qualifying Limit”	the investor's acquisition limit of £200,000 per tax year
“Qualifying Purchaser”	an individual, aged 18 or over, who purchases Ordinary Shares within the Qualifying limit, otherwise by way of subscription
“Qualifying Subscriber”	an individual, aged 18 or over, who subscribes for Ordinary shares within the Qualifying Limit
“Receiving Agent”	Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
“Regulatory Information Service” or “RIS”	a regulatory information service (such as RNS)
“Re-Investment Day”	a day on which any interim or final dividend on Ordinary Shares is credited to the account of the Scheme Manager on behalf of any of the Applicants or, if such day is not dealing on the London Stock Exchange, the next dealing day thereafter
“Scheme Administrator”	Share Registrars Limited or such other person or persons who may from time to time be appointed by each Company to administer the Dividend Re-Investment Scheme on its behalf
“Scheme Terms and Conditions”	the terms and conditions relating to the Dividend Re-Investment Scheme set out in Part IV of this document
“Shareholder(s)”	holder(s) of Ordinary Shares
“Special Resolution(s)”	the resolutions as set out in the Notices of General Meetings
“Subscription Form(s)”	the subscription form(s) for use in respect of the Offers, set out at the end of the document
“UCITS”	Undertakings for Collective Investments in Transferable Securities
“UK Listing Authority” or “UKLA”	the Financial Conduct Authority acting in its capacity as the competent authority for listing in the United Kingdom for the purposes of Part VI of the Financial Services and Markets Act 2000
“VAT”	value added tax
“Venture Capital Trust” or “VCT”	a venture capital trust as defined in section 259 of ITA

Part VIII: TERMS AND CONDITIONS OF SUBSCRIPTION

Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions of subscription and in the Subscription Form and the section headed “Notes on how to complete the Subscription Form” set out below.

1. The contract created by the acceptance of a subscription (in whole or in part) will be conditional on Admission of the New Ordinary Shares conditionally allotted pursuant to the subscription becoming effective.
2. Where payment is being made by cheque, or banker's draft, the right is reserved by the Companies to present all cheques and bankers' drafts for payment on receipt by the Receiving Agent and to retain share certificates and subscription monies, pending clearance of successful subscribers' cheques and bankers' drafts. The Companies and their agents may treat subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions or not complying fully with these terms and conditions of subscription and the Companies and their agents may, at their discretion, accept a subscription in respect of which payment is not received by the Companies prior to the closing of the Offers. The Companies and their agents reserve the right to waive in whole or in part any of the provisions of these terms and conditions of subscription, either generally or in respect of one or more applications. In particular, but without limitation, the Companies may accept an application made otherwise than by completion of a Subscription Form where the subscriber has agreed in some other manner satisfactory to the Companies and its agents to apply in accordance with these terms and conditions of subscription. If any subscription is not accepted in full or any contract created by acceptance does not become unconditional, the subscription monies or, as the case may be, the balance thereof will be returned (without interest) in Sterling by returning each relevant subscriber's cheque or bankers' draft or by crossed cheque in favour of the subscriber, through the post at the risk of the person(s) entitled thereto. In the meantime, subscription monies will be retained by the Companies in separate accounts. The Companies may require the subscriber to pay interest or its other resulting costs (or both) if the cheque or bankers' draft accompanying his or her application is not honoured on first presentation. If the subscriber is required to pay interest he or she will be obliged to pay the full amount determined by the Companies to be the interest on the amount of the cheque or bankers' draft from the date on which such remittance is not honoured until the date of receipt of cleared funds. The rate of interest will be LIBOR plus 3% per annum.
 - i. The right is reserved to change the basis of allocation under the Offers at the discretion of the Directors after consultation with Rooney Nimmo, and to reject in whole or in part and scale down and/or ballot any subscription or any part thereof. Subscriptions which are not accompanied by cheques available for immediate presentation or by other valid payment means will be dealt with at the Directors' discretion. If any dispute arises as to the date or time at or on which a subscription is received, the Directors' determination shall be final and binding.
 - ii. The right is reserved for the Companies to scale down the number of New Ordinary Shares available for subscription under the Offers at any time prior to the closing of the Offers.
 - iii. The Companies reserve the right to change the stated closing date of the Offers to an earlier date than 4 April 2018 in respect of the 2017/2018 Offer and an earlier or later date than 31 August 2018 in respect of the 2018/2019 Offer.
 - iv. The Companies reserve the right to accept Subscription Forms and to allot and arrange for the listing of New Ordinary Shares in respect of applications received under the Offers on or prior to the stated closing date of the Offers as the Directors see fit.
3. By completing and delivering a Subscription Form, you as the subscriber (and, if you sign the Subscription Form on behalf of somebody else, that person, except as referred to in paragraph (3) (xx) below):
 - i. offer to subscribe for the number of New Ordinary Shares as will be determined by the amount specified in your Subscription Form (or such lesser number for which your Subscription is accepted) divided by the price of the New Ordinary Shares resulting from the application of the pricing formula on the terms, and subject to the conditions set out in the Prospectus including these terms and conditions, and subject to the Memorandum and Articles of Association of the Company;
 - ii. agree that, in consideration of the Companies and their agents agreeing to process your application, your subscription will not be revoked until after (in the case of a subscription in respect of the 2017/2018 Offer) 4 April 2018 and (in case of a subscription in respect of the 2018/2019 Offer) 31 August 2018 and that this paragraph shall constitute an irrevocable collateral contract between you and the Companies and their agents which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Subscription Form; provided that, in the event that a supplementary prospectus is required to be published, you may be entitled to withdraw within two working days of the publication of the supplementary prospectus in accordance with section 87Q of the FSMA;
 - iii. unless you are paying by electronic transfer, agree and warrant that your cheque or bankers' draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to the New Ordinary Shares applied for or to enjoy or receive any rights

or distributions in respect of such New Ordinary Shares until you make payment in cleared funds for such New Ordinary Shares and such payment is accepted by the Companies in their absolute discretion (which acceptance shall be on the basis that you indemnify the Companies, Rooney Nimmo and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Companies of such late payment, the Companies may (without prejudice to its other rights) avoid the agreement to allocate New Ordinary Shares to you, without liability to you, and may issue or allot such New Ordinary Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such New Ordinary Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your Subscription Form without interest;

- iv. agree that in respect of those New Ordinary Shares for which your subscription has been received and is not rejected, your subscription may be accepted at the election of the Companies either by notification to the UK Listing Authority of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
- v. agree that the Companies will hold any monies in respect of your subscription together with other monies received in respect of all subscriptions on trust for the payment of New Ordinary Shares you have subscribed for or failing such payment to be returned to you without interest and that any interest earned in respect of such monies will be paid to the Companies;
- vi. agree that any share certificate to which you may become entitled and any monies refundable to you may be retained by the Companies pending clearance of your remittance and any investigation of any suspected breach of these terms and conditions of subscription and pending any verification of identity which is, or which the Companies or the Receiving Agent may consider to be, required for the purposes of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended, updated, replaced or superseded from time to time that and such monies will not bear interest;
- vii. authorise Share Registrars Limited as Registrar on behalf of Amati VCT and Share Registrars Limited on behalf of Amati VCT 2 to send share certificate(s) in respect of the New Ordinary Shares for which your subscription is accepted and/or a crossed cheque for any monies returnable by post without interest to your address set out in the Subscription Form and to procure that your name is placed on the register of members of the Companies in respect of such New Ordinary Shares;
- viii. agree that all subscriptions, acceptances of subscriptions and contracts resulting therefrom under the Offers shall be governed by and construed in accordance with English law, and that, for the benefit of the Companies, Rooney Nimmo, and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English Courts and agree that nothing shall limit the right of the Companies, Rooney Nimmo or the Receiving Agent to bring any action, suit or proceeding arising out of or in connection with any such subscriptions, acceptances of subscriptions and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- ix. confirm that, in making such subscription, you are not relying on any information or representation in relation to the Companies and the New Ordinary Shares other than the information contained in the Prospectus (as may be supplemented by a supplementary prospectus), or any part thereof and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such other information or representation and you acknowledge that no person is authorised in connection with the Offers to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Companies or any of their agents;
- x. irrevocably authorise the Receiving Agent and/or Rooney Nimmo or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent or Rooney Nimmo to execute and/or complete any document required therefor;
- xi. agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and statements concerning the Companies and the New Ordinary Shares contained therein;
- xii. confirm that you have reviewed the restrictions contained in paragraphs 4 and 5 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933, as amended, nor a resident of Canada, Australia or Japan and that you are not applying for any New Ordinary Shares with a view to their offer, sale or delivery to or for the benefit of any US person or a resident of Canada, Australia or Japan; nor will you offer, sell, renounce, transfer or deliver directly or indirectly any of the Shares to any such person.
- xiii. agree that all documents and cheques sent by post, by or on behalf of the Companies or the Receiving Agent will be sent at the risk of the person entitled thereto;
- xiv. agree on request by the Companies or Rooney Nimmo or the Receiving Agent on behalf of the Companies to disclose promptly in writing to any of them such information as the Companies or Rooney Nimmo or the Receiving Agent may reasonably request in connection with your subscription including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "Money Laundering Regulations 2017") as

amended, updated, replaced or superseded from time to time and authorise the Companies, Rooney Nimmo and the Receiving Agent to retain and disclose any information relating to your subscription as it considers appropriate;

- xv. agree that Rooney Nimmo will neither treat you as its customer by virtue of your subscription being accepted nor owe you any duties or responsibilities concerning the price of the New Ordinary Shares or the suitability for you of New Ordinary Shares or be responsible to you for providing the protections afforded to its customers;
- xvi. declare that the Subscription Form has been completed to the best of your knowledge and that the details relating to you as set out in your Subscription Form are correct;
- xvii. undertake that you will notify the Companies if you are not, or cease to be, either a Qualifying Subscriber or beneficially entitled to the New Ordinary Shares;
- xxiii. declare that a loan has not been made to you or any associate of you, which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Ordinary Shares and that the New Ordinary Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
- xix. declare that you are aged 18 or over on the date of your application;
- xx. warrant that, if you sign the Subscription Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authorities contained herein and undertake to enclose your power of attorney (or a copy thereof duly certified by a solicitor or bank) with the Subscription Form;
- xxi. agree that a failure to receive, process or accept your application for New Ordinary Shares does not give rise to any right of action by any person against the Companies, Rooney Nimmo, the Receiving Agent or any other person;
- xxii. agree that any error in the register of members of the Companies arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for New Ordinary Shares, or as a result of termination or avoidance of any agreement to allocate New Ordinary Shares pursuant to these terms and conditions of subscription may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Companies, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of New Ordinary Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Companies and/or the power to re-allocate or sell New Ordinary Shares contained in this paragraph are in addition to any other rights, powers and remedies which would otherwise be available to the Companies in the event of a breach by you of these terms and conditions of Subscription;
- xxiii. agree that if evidence of identity satisfactory to the Companies and their agents is not provided to the Companies or their agents within a reasonable time (in the opinion of the Companies) following a request therefor, any agreement with you to allocate New Ordinary Shares may be terminated and, in such case, the New Ordinary Shares which would otherwise have been allocated to you may be re-allocated and your application monies will be returned to the bank or other account on which the cheque or bankers' draft accompanying your Subscription Form was drawn without interest;
- xxiv. agree that you are not applying on behalf of a person engaged in money laundering; drug crimes or terrorist financing or terrorism;
- xxv. undertake to pay interest at the rate prescribed in paragraph 2 above if the remittance accompanying your Subscription Form is not honoured on first presentation;
- xxvi. agree that your Subscription Form is addressed to the Companies, Rooney Nimmo and the Receiving Agent;
- xxvii. agree that you will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your subscription (provided that this does not affect any other right you may have); and
- xxviii. acknowledge and agree that, pursuant to the Data Protection Act 1998 (the '**DP Act**') the Company, the Receiving Agent and/or the Registrar, may hold personal data (as defined in the DP Act) relating to past and present shareholders. Personal data may be detained on record for a period exceeding six years after it is no longer used. The Company, the Registrar and the Receiving Agent will use such information for the purposes set out below (collectively the "**Purposes**"), being to,
 - (a) process your personal data (including sensitive personal data) as required by or in connection with your holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on you;

- (b) communicate with you as necessary in connection with its affairs and generally in connection with your holding of Ordinary Shares;
 - (c) provide your personal data to such third parties as the Company, Receiving Agent and/or Registrar may consider necessary in connection with its affairs and generally in connection with your holding of Ordinary Shares or as the DP Act may require, including to third parties outside the European Economic Area;
 - (d) without limitation provide such personal data to associates, third party service providers, affiliates, agents or functionaries appointed by the Company, the Receiving Agent and/or the Registrar (including without limitation, the Investment Manager) for processing, notwithstanding that any such party may be outside the European Economic Area;
 - (e) process your personal data for the Registrar's, the Company's and the Receiving Agent's internal administration; and
 - (f) by becoming registered as a holder of Ordinary Shares or otherwise providing personal data in connection with an Application Form, you have become a data subject (as defined in the DP Act) and are deemed to have consented to the processing by the Receiving Agent, the Company and its Registrar of any personal data relating to you in the manner described above. In providing the Company, the Registrar and/or the Receiving Agent with personal data (whether relating to you or a third party), you hereby represent and warrant to the Registrar, the Company and the Receiving Agent that you have obtained the consent of any data subject to such holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph.
4. No person receiving a copy of the Prospectus or a Subscription Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Subscription Form unless in the relevant territory such an invitation or offer could lawfully be made to him or such Subscription Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make a subscription to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Companies reserves the right, in their absolute discretion, to reject any application received from outside the United Kingdom.
 5. The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended. No subscription will be accepted if it bears an address or post mark in the USA.
 6. Dealings prior to the issue of certificates for New Ordinary Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that a subscription may not have been accepted to the extent anticipated or at all.
 7. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the New Ordinary Shares and the Offers.
 8. The rights and remedies of the Companies and their agents under these terms and conditions of subscription are in addition to any rights and remedies which would otherwise be available to them and the exercise of partial exercise of one will not prevent the exercise of others.
 9. Completed Subscription Forms, together with payment, must be returned by post or by hand to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR so as to be received by 12.00 noon on 4 April 2018 in respect of the 2017/2018 Offer and 12.00 noon on 31 August 2018 in respect of the 2018/2019 Offer. Multiple subscriptions by investors are permitted in relation to each of the 2017/2018 Offer and the 2018/2019 Offer.

DIRECTORS, MANAGER AND ADVISERS

Amati VCT plc

Directors

Peter Lawrence (Chairman)
Julia Henderson
Charles Pinney
Brian Scouler

All are non-executive Directors of:
Amati VCT plc
110 George Street
Edinburgh EH2 4LH
which is the registered office

Manager

Amati Global Investors Limited
18 Charlotte Square
Edinburgh EH2 4DF

Secretary

The City Partnership (UK) Limited
110 George Street
Edinburgh EH2 4LH

Sponsor

SPARK Advisory Partners Limited
5 St John's Lane
London EC1M 4BH

Solicitors

Rooney Nimmo
8 Walker Street
Edinburgh EH3 7LA

VCT Status Adviser

Philip Hare Associates LLP
Staple Inn
Holborn
London WC1V 7QH

Auditors

KPMG Audit plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Registrars

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Receiving Agents

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Custodian

Jarvis Investment Management Limited
78 Mount Ephraim
Royal Tunbridge Wells
Kent TN4 8BS

Amati VCT 2 plc

Directors

Julian Avery (Chairman)
Michael Killingley
Susannah Nicklin

All are non-executive Directors of:
Amati VCT 2 plc
27/28 Eastcastle Street
London W1W 8DH
which is the registered office

Manager

Amati Global Investors Limited
18 Charlotte Square
Edinburgh EH2 4DF

Secretary

The City Partnership (UK) Limited
110 George Street
Edinburgh EH2 4LH

Sponsor

SPARK Advisory Partners Limited
5 St John's Lane
London EC1M 4BH

Solicitors

Rooney Nimmo
8 Walker Street
Edinburgh EH3 7LA

VCT Status Adviser

Philip Hare Associates LLP
Staple Inn
Holborn
London WC1V 7QH

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Registrars

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Receiving Agents

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Custodian

The Bank of New York Mellon SA/NV
London Branch
160 Queen Victoria Street
London EC4V 4LA

NOTES ON HOW TO COMPLETE THE SUBSCRIPTION FORM

Please complete all relevant parts of the Subscription Form according to the instructions below.

SECTION 1 – APPLICATION

Insert (in figures) the amount you wish to apply to invest in each Company in each tax year, the total for each tax year and the total amount of your investment.

You do not have to invest in both tax years but your application, for **each** tax year you do choose to invest, must be for a minimum of £4,000 per tax year, or £5,000 (a minimum of £2,500 in each Company) per tax year if applying for both Amati VCT plc and Amati VCT 2 plc, and thereafter in multiples of £500.

SECTION 2 – PERSONAL DETAILS

Insert your full name, full address, daytime telephone number, email address (if you have one), date of birth and National Insurance number. Please also indicate whether you are an existing shareholder in Amati VCT and/or Amati VCT 2.

SECTION 3 – TAX RESIDENCY STATUS

You must also tick the box to confirm that you are a UK resident for tax purposes **and** give details of any other countries where you are resident for tax purposes. This is a requirement under the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) and full details **must** be given where applicable or your application will be rejected.

Each Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom or from an applicant whose country of residence for tax purposes is not the United Kingdom.

SECTION 4 – OVERSUBSCRIPTION

Tick one box to indicate your wishes in the event that one or both VCTs is oversubscribed and your subscription cannot be satisfied in part or in full.

SECTION 5 – POSSIBLE MERGER BETWEEN AMATI VCT plc AND AMATI VCT 2 plc

In the event that the Companies agree to bring forward proposals for a merger, any application received for Amati VCT plc later than ten days after Circulars to Shareholders have been posted will be deemed to have been an application for Amati VCT 2 plc. You **must** tick the box to confirm your agreement, otherwise your application will not be processed and any funds remitted will be returned to you as per the Terms and Conditions of the Offers.

SECTION 6 – PAYMENT

Payments can be made by the following methods:

1. Personal Cheques, Building Society Cheques or Banker's Drafts

Please make your cheque/draft payable to "Share Registrars Limited a/c Amati" for the **exact** amount shown for the **total** application to subscribe in Section 1. Your cheque/draft should be crossed "A/C payee only" and pinned to the completed Application Form. Third party cheques are not accepted. **Building society cheques and banker's drafts will only be accepted where the cheque/draft is embossed or stamped with the name of the account holder and drawn from the account in his/her name.**

Any payment by personal cheque, building society cheque or banker's draft must be made in pounds sterling, drawn on a branch of a bank or building society in the United Kingdom which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by members of either of these companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner and must be drawn on the personal account of the individual investor where they have sole or joint title to the funds.

2. Bank transfer

Payments can be made by BACS, CHAPS or Faster Payment to the designated bank account for the Offers, details of which will be provided by Share Registrars. Any transfer of funds must be made so that the cleared funds are available at or near the time that the Subscription Form is being processed. The process is as follows:

- (i) Before you send your Application Form please email AmatiOffer@shareregistrars.uk.com stating that you intend to make a bank transfer and provide the following information:

Name of Bank
Account Name

Account Number
Sort Code
Payment Amount
Reference Number*

*The reference number should consist of your first and last initials plus your date of birth in DD-MM-YYYY format (e.g. AL17081962). This will allow Share Registrars to match the payment with your Application Form.

- (ii) Share Registrars will then provide by return the bank account information required for the payment. Please make sure you are able to provide (if applicable) the original (or certified) bank statement or transaction receipt clearly showing the payment to Share Registrars Limited.
- (iii) Please send your Application Form together with your supporting documentation to Share Registrars Ltd without delay and **no later than 48 hours** after making the payment. If you have difficulties making the transaction or your Application Form is likely to be delayed you must contact Share Registrars on 01252 821 390 or by email at AmatiOffer@shareregistrars.uk.com to discuss your application. Failure to do so may result in your application being rejected.

SECTION 7a – IDENTITY VERIFICATION (ALL METHODS OF PAYMENT)

Please confirm that you have provided any documents required if applicable.

For applications of up to £50,000 – **nothing further required**.

For applications of more than £50,000 by direct clients or where an intermediary has not completed Section 12 you must provide **certified** copies of **two** different forms of identification, **one** document from **each** group:

- a. Photographic ID such as a passport or driving licence.
- b. Proof of address such as a recent utility bill (less than three months old), recent bank statement (less than three months old) or driving licence (if not already used as photo ID).

Certification can be carried out by an authorised financial intermediary, solicitor, accountant, banker or other regulated person.

SECTION 7b – SOURCE OF FUNDS VERIFICATION (BANK TRANSFERS ONLY)

Important: you must provide the documentation outlined below (if applicable) even if your application has been received via an intermediary and Section 12 has been completed.

If you will be making a bank transfer of up to £13,000 and the payment is linked to a single application – **nothing further required**.

For bank transfers of more than £13,000 (or a series of payments in respect of linked applications for more than £13,000 in total value) you must provide evidence of source of funds, regardless of whether you are a direct client or your application has come via an intermediary (advised or execution only). Please provide **one** of the following in support of your application:

- a. An original or certified copy of the bank statement or transaction receipt in your name which clearly shows the payment(s) made to Share Registrars Limited.
- b. Written confirmation from your bank on headed paper with details of the payment, including the name of the account from which the funds are drawn, account number and sort code.

Certification can be carried out by an authorised financial intermediary, solicitor, accountant, banker or other regulated person.

Share Registrars Limited reserves the right to make additional verification checks.

SECTION 8 – NOMINEE/CREST INSTRUCTION

If your application is successful and you would like your subscription shares issued to your nominee through CREST, please give full details.

SECTION 9 – DIVIDEND PREFERENCE

Tick **one** box only for **each** Company for which you are applying to subscribe. For **each** Company you can elect to receive dividends in cash or you can elect to join the Dividend Re-Investment Scheme, where dividends are reinvested into new shares for each Company for which you are applying. Any election that you make in respect of an application to a given Company **will also be applied to any existing holdings in that Company**; you **cannot** elect to receive both dividends in cash and shares issued under the Dividend Re-Investment Scheme in respect of a shareholding in the **same** Company.

If you elect to receive dividends in cash for one or both Companies we **strongly recommend that payments are made directly into your bank account**. If you do not provide bank details, dividends will be paid by cheque and sent to your registered address.

If you elect to join the Dividend Re-Investment Scheme for one or both Companies you will have confirmed that you have read and understood the full terms and conditions relating to the Dividend Re-Investment Scheme for each Company in which you are applying to subscribe. These are available on Amati's website: www.amatiglobal.com.

SECTION 10 – COMMUNICATION PREFERENCES

Please tick the relevant boxes to indicate the following:

1. How you would like the Receiving Agents to acknowledge receipt of your application
2. To opt in to our mailing list for investor updates
3. To opt in to our mailing list for investor events
4. To opt in to electronic communications in respect of your shareholding(s).

Please also carefully read the Privacy Notice. It contains important information as to how we use your personal data and your statutory rights in relation to any consent you have given regarding our use of it.

SECTION 11 – APPLICANT'S DECLARATION & SIGNATURE

Please read the declarations and sign and date Section 11. The Application Form may only be signed by someone other than the applicant if they are authorised to do so and have original copies of the relevant legal documents available if requested.

SECTIONS 12-15 TO BE COMPLETED BY AUTHORISED FINANCIAL INTERMEDIARIES ONLY

SECTION 12 – INTERMEDIARY DETAILS

Intermediaries should provide details of their firm, including contact name and address, FCA Number, email address, telephone number and bank details where applicable.

Please ensure that you tick the relevant box to indicate whether you have provided advice to your client or if the transaction is execution only.

Please also indicate whether you have verified your client's identity to the standard required by the Money Laundering Regulations 2017 and that it met the guidance of the for the UK Financial Sector issued by the Joint Money Laundering Steering Group. Advisers should note that if this box is not ticked the applicant must provide the relevant documentation as outlined in Section 7a.

SECTION 13 – ADVISORY FEES

If you have agreed advisory fees to be deducted from your client's subscription please state the amount(s) to be deducted. Payments are normally made by cheque but if you provide your bank details these payments can be made by bank transfer.

SECTION 14 – TRAIL COMMISSION

Authorised financial intermediaries who, acting on behalf of their clients on an execution only and off platform basis, return valid Application Forms bearing their name and FCA number and confirming their execution only and off platform status and eligibility to receive commission, will be paid the following, based on the amount paid in respect of the New Ordinary Shares allocated for each Application Form: an annual trail commission of 0.375% (limited to five years) which will be paid by the Manager. Such payments are conditional in all circumstances upon them being consistent with all applicable law and regulation, including the FCA COBS Handbook.

SECTION 15 – INTERMEDIARY DECLARATION

Please read the declarations and sign and date Section 15.

Please return your completed Subscription Form by post or by hand (during normal business hours) to Share Registrars Limited at the following address:

Share Registrars Limited

The Courtyard
West Farnham
Surrey GU9 7DR

AMATI VCT AND AMATI VCT 2 JOINT OFFER

SUBSCRIPTION FORM

Before completing this form please read the Terms and Conditions of Subscription and the accompanying Notes on How to Complete the Subscription Form. PLEASE USE BLOCK CAPITALS TO COMPLETE THIS FORM.

The 2017/2018 Offers close at 12 noon on Wednesday 4 April 2018 (or earlier if the maximum subscription is reached). The 2018/2019 Offers close at 12 noon on 31 August 2018 or at such date as the Directors may determine at their absolute discretion.

Return this form by post or hand (during normal business hours) to: **Share Registrars Limited, The Courtyard, 17 West Street Farnham, Surrey GU9 7DR**. Remember to enclose a cheque or banker's draft (if applicable) together with any required identity and source of funds verification documentation.

1. Application

I apply to subscribe the following amount or such lesser amount for which this application may be accepted on the Terms and Conditions of the Offers set out in the Prospectus dated 27 October 2017.

	Amati VCT plc	Amati VCT 2 plc	Total
2017/2018 Offers	£	£	£
2018/2019 Offers	£	£	£
Total Application for the Offers			£

The minimum amount which may be applied for is £4,000 per tax year in respect of an investment in one VCT only, or £5,000 (a minimum of £2,500 in each VCT) per tax year in respect of an investment in both VCTs and thereafter in multiples of £500.

2. Personal Details

Title (Mr/Mrs/Miss/Ms/Dr/Other):	Surname:
Forename(s) in full:	
Address:	
Postcode:	Country:
Daytime telephone number:	
Date of Birth:	National Insurance Number:
Email Address:	

Please tick if you are an existing shareholder: ☐ Amati VCT plc ☐ Amati VCT 2 plc

3. Tax Residency Status

Please tick the box if you are a UK resident for tax purposes

☐

Please give details of any other countries of which you are a resident for tax purposes:

Country:

Tax Identification Number:

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Country:

Tax Identification Number:

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Each Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom or from an applicant whose country of residence for tax purposes is not the United Kingdom.

4. Oversubscription

Please tick **one** box only:

- If my application to subscribe cannot be satisfied in full or in part in one VCT in the relevant tax year, please use any remaining funds to apply to subscribe for shares in the other VCT, where that VCT has available capacity and in respect of the same tax year. ☐
- If my application to subscribe cannot be satisfied in full or in part please return any remaining funds to me as per the Terms and Conditions of the Offers. ☐

5. Possible Merger between Amati VCT plc and Amati VCT 2 plc

In the event that the Companies agree to bring forward proposals for a merger, any application received for Amati VCT plc later than ten days after Circulars to Shareholders have been posted will be deemed to have been an application for Amati VCT 2 plc.

- Please tick the box to confirm your agreement to the above. **If you do not tick the box your application will not be processed and any funds remitted will be returned to you as per the Terms and Conditions of the Offers.** ☐

6. Payment

Please tick **one** box only:

- A.** I have enclosed a **personal cheque, building society cheque** or **banker's draft** for the total amount shown in Section 1, made payable to "Share Registrars Limited a/c Amati" and crossed "A/C PAYEE ONLY". If I have paid by building society cheque or banker's draft the cheque/draft is embossed or stamped with my name and is drawn from my personal account. I have provided identity verification documentation if applicable. ☐

Please send your completed Application Form together with your cheque/draft and any relevant supporting documentation to the address shown at the top of this form.

OR

- B.** I confirm that I will be making a **bank transfer** and I have provided Share Registrars with details of the account from which I will be transferring funds. I will send my completed Application Form together with any identity verification and source of funds documentation (if applicable) within 48 hours of making my payment. ☐

- 1.** Before you send your Application Form please email AmatiOffer@shareregistrars.uk.com stating that you intend to make a bank transfer and provide the following information:

- Name of Bank
- Account Name
- Account Number
- Sort Code
- Payment Amount
- Reference number*

*The reference number should consist of your first and last initials plus your date of birth in DD-MM-YYYY format (e.g. AL17081962). This will allow Share Registrars to match the payment with your Application Form.

- 2.** Share Registrars will then provide by return the bank account information required for the payment. When you make your payment please make sure you are able to provide (if applicable) the original (or certified) bank statement or transaction receipt clearly showing the payment to Share Registrars Limited.
- 3.** Please send your completed Application Form together with the relevant supporting documentation to the address shown at the top of this form **within 48 hours** of making the payment. Failure to do so may result in your application being rejected.

7a. Identity Verification (all methods of payment)

APPLICATIONS OF UP TO £50,000

If your application is for up to £50,000 – **nothing further required**

If you paid by bank transfer go to Section 7b; otherwise go to Section 8.

APPLICATIONS OF MORE THAN £50,000

- 1.** If your application is for more than £50,000 and your intermediary (advised or execution only) has completed Section 12 – **nothing further required**

If you paid by bank transfer go to Section 7b; otherwise go to Section 8.

- 2.** If your application is for more than £50,000 and you are either a direct client **or** where your intermediary has not completed Section 12, please provide certified copies* of **two** different forms of identification, **one** document from **each** group:

☐

Photographic ID

- Passport
- Driving Licence

☐

Proof of Address

- Recent utility bill (less than 3 months old)
- Recent bank statement (less than 3 months old)
- Driving Licence (if not already used for photo ID)

*Copies can be certified by an authorised financial intermediary, accountant, solicitor, banker or other regulated person.

If you paid by bank transfer go to Section 7b; otherwise go to Section 8.

7b. Source of Funds Verification (bank transfers only)

Important: you must provide the documentation outlined below (if applicable) even if your application has been received via an intermediary and Section 12 has been completed.

In addition to any documentation required above at 7a you must provide the following if applicable:

BANK TRANSFERS OF UP TO £13,000

If you will be making a bank transfer of up to £13,000 and the payment is linked to a single application – **nothing further required**

BANK TRANSFERS OF MORE THAN £13,000

If you will be making a bank transfer of more than £13,000 (or a series of payments in respect of linked applications of more than £13,000 in total value) – please provide **one** of the documents listed below:

- An original or certified copy* of the bank statement or transaction receipt in your name which shows the payment(s) made to Share Registrars Limited. ☐
- Written confirmation from your bank on headed paper with details of the payment, including the name of the account from which the funds are drawn, account number and sort code. ☐

*Copies can be certified by an authorised financial intermediary, accountant, solicitor, banker or other regulated person.

Share Registrars Limited reserves the right to make additional verification checks.

8. Nominee/Crest Instruction (if applicable)

If my application is successful please issue my shares to my nominee through CREST ☐

Crest Participant ID:

Crest Member Account ID:

Crest Participant Name

Crest Participant Address:

Postcode:

Crest Participant Contact Name:

Telephone Number:

Email Address:

9. Dividend Preference

Please tick **one** box only for each company to which you are applying to subscribe.

Amati VCT plc*

☐

Dividends Paid In Cash

or

☐

Dividend Re-Investment Scheme

Amati VCT 2 plc*

☐

Dividends Paid In Cash

or

☐

Dividend Re-Investment Scheme

*Please note that any instructions given above will be applied to any existing holdings in the same company.

Now do **one** of the following:

1. If you elected for dividends to be paid in cash for **one** or both of the Companies, and you would like your dividends paid directly to your bank account, please complete and sign the bank mandate below. If you do not provide your bank details your dividends will be paid by cheque and posted to your registered address.
2. If you elected to join the Dividend Re-Investment Schemes in respect of your total application please **proceed directly to Section 10.**

Please forward, until further notice, all dividends that may from time to time become due on any Ordinary Shares now standing, or which may hereafter stand, in my name in the register of members of Amati VCT plc and/or Amati VCT 2 plc to:

Name of Bank/Building Society:	
Address of Branch:	
Account Name: (BLOCK CAPITALS please)	
Account Number: (Please quote all digits including zeros)	
Sort Code:	- -
Signature:	Date:

10. Communication Preferences

Shareholder title and full name:

Postcode:

Method of notification for receipt of your application

☐

Email

☐

Letter

Tick the box if you would like to receive regular updates including monthly fact sheets and newsletters for Amati funds:

☐

Email

Tick the box if you would like to receive invitations to Amati events:

☐

Email

ELECTRONIC COMMUNICATIONS (COMPANIES ACT 2006)

Tick the box to opt in to electronic communications in respect of your shareholding(s) in Amati VCT plc and/or Amati VCT 2 plc. This means that you will receive notifications by email (where you have provided an email address below) or by letter that information and/or documents are available on Amati's website.

Opt in to electronic communications

☐

You have the right to **opt out** of electronic communications at any time and to revert to paper format delivered by post by emailing enquiries@shareregistrars.uk.com or by writing to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. For those Shareholders who are registered on the Web Based Share Portal at www.shareregistrars.uk.com please log in and click on "Personal Details" to update.

If you do not provide an email address we are obliged to send you notifications by letter.

Email:

PRIVACY NOTICE

Your personal data will be used by Amati Global Investors Limited, Share Registrars Limited, Amati VCT plc and/or Amati VCT 2 plc and any third party advisers to the above as follows:

- To process your application and verify your identity and source of funds under the Money Laundering Regulations 2017
- To allot your shares and provide the relevant documentation in connection with your shareholding if your application is successful
- To pay dividends, administer the Dividend Re-Investment Schemes and process other corporate actions as necessary
- To provide you with any reports or information required by law.
- To provide you with fund fact sheets, Amati newsletters and invitations to Amati events where you have given consent for us to do so.

If we rely on your consent as our legal basis for processing your personal information, you have the right to withdraw that consent at any time by contacting us by telephone on 0131 503 9100, by email at info@amatiglobal.com or in writing to: Data Protection Officer, Amati Global Investors, 18 Charlotte Square, Edinburgh EH2 4DF.

We will not share your data with any other party other than those listed above unless required to do so by law.

1. I HEREBY DECLARE THAT I have read and understood the Terms and Conditions of Subscription contained in the Prospectus dated 27 October 2017 and agree to be bound by them.
2. I understand that this is a LONG TERM investment and have read the RISK FACTORS.
3. I confirm that I understand and agree with the details submitted by my financial intermediary (if applicable) in sections 12-15 below, including any advisory fees to be deducted from my subscription.
4. I understand that tax relief will only be available on the amount subscribed net of any advisory fees that I have agreed to be deducted from my subscription

HMRC MAY INSPECT THIS FORM. PLEASE NOTE IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION.

Signature: _____ Date:

D	D	M	M	Y	Y	Y	Y
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12. Intermediary Details

Please tick one of the following:

☐ Advice Provided ☐ Execution Only – On Platform ☐ Execution Only – Off Platform

Email Address:

I confirm that I have verified the identity of the applicant named at Section 2 to the standard required by the Money Laundering Regulations 2017 and that it met the guidance for the UK Financial Sector issued by the Joint Money Laundering Steering Group. **Please note that if this box is not ticked the applicant must provide the relevant documentation as outlined in section 7a.**

9

13. Advisory Fees

If you have agreed with your client that advisory fees may be deducted from their subscription detailed in Section 1 above, please state the amount of fees to be deducted below.

Advisory Fee (inclusive of VAT) to be deducted from subscription:

	Amati VCT plc	Amati VCT 2 plc	Total
Tax year 2017/2018	£	£	£
Tax year 2018/2019	£	£	£
Total Advisory Fees Deducted			£

Advisory payments are facilitated by Share Registrars and payment will normally be made by cheque. If you wish to be paid by electronic bank transfer please provide your bank details below:

Name of Bank/Building Society:	
Address of Branch:	
Account Name: (BLOCK CAPITALS please)	
Account Number: (Please quote all digits including zeros)	
Sort Code:	
Signature:	Date:

14. Trail Commission

Annual trail commission of 0.375% per annum (limited to five years) is available to authorised financial intermediaries acting on an execution only off platform basis and will be paid by Amati Global Investors. **Such payments can no longer be made in respect of subscriptions received through intermediaries acting in an advisory capacity.**

If you have applied for trail commission and your firm has been registered on our payments system you will receive a notification annually from trail@amatiglobal.com. We will ask you to provide bank details for commission payments or to confirm bank details previously provided. We will also ask you to confirm a list of clients relating to trail commission. **No payments will be made without confirmation of bank details.**

Tick all that apply:

My firm is applying for trail commission and is eligible to receive such payments in respect of the client named at Section 2. ☐

My firm has previously received trail commission from Amati Global Investors. ☐

Name of Firm:	
Contact Name:	
Telephone:	
Email Address:	

For further information or any enquiries relating to trail commission please email: trail@amatiglobal.com

15. Authorised Financial Intermediary Declaration

I HEREBY DECLARE THAT I am an authorised financial intermediary and that the information I have provided on this form is, to the best of my knowledge and belief, accurate and complete. In the event that any circumstances change such that the information I have provided is no longer accurate and complete, I agree to notify Amati immediately in writing.

Signature:

Date:

D	D	M	M	Y	Y	Y	Y
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Amati Global Investors Limited, Amati VCT plc, Amati VCT 2 plc and Share Registrars Limited cannot accept any responsibility if any details quoted by you are incorrect.

For assistance with the completion of this Subscription Form please contact Amati Global Investors during normal office hours on 0131 503 9115 or email info@amatiglobal.com

No investment advice can be given.



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Finely crafted investments