

Amati VCT plc and Amati VCT 2 plc

Shareholder Circular

General Meetings relating to the recommended proposals for the merger of Amati VCT plc and Amati VCT 2 plc and the reconstruction and voluntary winding up of Amati VCT plc

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 without delay. Shareholders should also carefully consider the risk factors set out on pages 3 to 8 of this document.

If you have sold or otherwise transferred all your Ordinary Shares in Amati VCT plc and Amati VCT 2 plc, please send this document, together with the accompanying forms of proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, the distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction. Shareholders (including, without limitation, nominees, trustees or custodians) who would, or otherwise intend to, forward this document and the accompanying documents outside the United Kingdom should read the section headed "Overseas Shareholders" in section 5 of Part II of this document.

Amati VCT plc

(Incorporated in Scotland with registered number SC278722)

and

Amati VCT 2 plc

(Incorporated in England and Wales with registered number 04138683)

Recommended proposals for the merger of Amati VCT plc and Amati VCT 2 plc and the reconstruction and voluntary winding up of Amati VCT plc

Your attention is drawn to the joint letter from the Chairmen of the Companies in Part I of this document, which contains the joint recommendation of the Boards that Shareholders vote in favour of the Resolutions to be proposed at the General Meetings referred to below.

This document should be read in conjunction with the Prospectus and Supplementary Prospectus published by the Companies.

Your attention is drawn to pages 3 to 8 of this document, which summarise the risk factors associated with the Proposals, and to the section entitled "Action to be taken" on page 9 of this document. However, you should read this document in its entirety before deciding what action you should take.

Notices convening General Meetings of Amati VCT plc, to be held at 3.00 p.m. on 26 April 2018 and 11.00 a.m. on 4 May 2018, to approve the Proposals and to place Amati VCT into members' voluntary liquidation, are set out on pages 42 to 47 of this document. The First General Meeting will be held at the offices of Mattioli Woods plc, Third Floor, 87/89 Baker Street, London W1U 6RJ (the entrance is on Crawford Street) at 3.00 p.m. on 26 April 2018. The Second General Meeting will be held at the offices of Rooney Nimmo, 8 Walker Street, Edinburgh EH3 7LA at 11.00 a.m. on 4 May 2018. Forms of proxy for use at these meetings accompany this document BLUE for the First General Meeting and GREEN for the Second General Meeting). To be valid, the relevant form of proxy must be completed and returned so as to be received by Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR as soon as possible but in any event not later than 3.00 p.m. on 24 April 2018, in the case of

the BLUE form of proxy for use at the First General Meeting, and not later than 11.00 a.m. on 2 May 2018, in the case of the GREEN form of proxy for use at the Second General Meeting.

Notice of a General Meeting of Amati VCT 2 plc, to be held at the offices of Mattioli Woods plc, Third Floor, 87/89 Baker Street, London W1U 6RJ (the entrance is on Crawford Street) at 2.30 p.m. on 26 April 2018 is set out on pages 48 to 50 of this document. A YELLOW form of proxy for use in connection with the General Meeting is enclosed. Whether or not you propose to attend the General Meeting, you are requested to complete and return the YELLOW form of proxy in accordance with the instructions printed on it. In order to be valid, the form of proxy must be completed and returned to Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR as soon as possible and in any event so as to be received no later than 2.30 p.m. on 24 April 2018.

Applications will be made to the UK Listing Authority for all of the New Shares to be admitted to the Official List with a Premium Listing and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and dealings in the New Shares issued pursuant to the Scheme will commence on 8 May 2018.

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Risk factors

The risks referred to in this section are the material risks known to the Directors at the date of this document which the Directors believe Shareholders should consider prior to deciding how to cast their votes on the Resolutions. Shareholders who are in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 without delay.

Details of Amati VCT 2 plc are set out in Part IV of this document. Full details of Amati VCT 2 plc and the risks associated with an investment in New Shares are set out in the Prospectus and Supplementary Prospectus. The risks set out below are the same risks that are associated with the Enlarged Company if the proposals to merge are approved. Shareholders are strongly advised to read the whole of the Prospectus and the Supplementary Prospectus and, in particular, the risk factors set out on pages 15 to 18 of the Prospectus before voting on the Resolutions.

Risks associated with the Scheme

Consequences of the Scheme not becoming effective

Implementation of the Scheme is conditional, *inter alia*, upon the Merger Resolutions being passed at the General Meetings (full details of the conditions of the Scheme are set out in paragraph 11 of Part III of this document). Each Resolution will require the approval of at least 75 percent of the votes cast in respect of it. If any condition of the Scheme is not met, the Scheme will not be implemented and certain costs and expenses incurred in connection with the Scheme (estimated to be in the region of £54k (including VAT) for Amati VCT and £49k (including VAT) for Amati VCT 2) will be borne by the Companies. In these circumstances, Amati VCT would remain listed as a separate VCT.

Valuation of entitlements under the Scheme

For the purposes of the Scheme, and in order to enable Amati VCT's assets and liabilities to be transferred to Amati VCT 2, the value of the assets and liabilities of the Companies are expected to be calculated as at 5.00 p.m. on 3 May 2018 (which will be the Calculation Date for the purposes of the Scheme). The undertaking, assets and liabilities of Amati VCT will be transferred to Amati VCT 2 as soon as practicable following the Effective Date, which is expected to be 4 May 2018. It is not expected that the value of the assets or liabilities of Amati VCT or Amati VCT 2 will change significantly between the Calculation Date and the date of transfer. However, movements in the value of Amati VCT's and/or Amati VCT 2's assets or liabilities during the intervening period may have a positive or negative effect on the value of entitlements of Shareholders.

Taxation

Representations in this document concerning the taxation of Shareholders are based on current UK law and practice, which are subject to change. The information in this document relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to Shareholders.

The Board of Amati VCT has been advised that the Proposals would be treated as a scheme of reconstruction for the purposes of UK taxation of capital gains. Clearance has been granted by HMRC under section 138 of the TCGA such that section 136 of the TCGA will not be prevented from applying to the Scheme by virtue of section 137 of the TCGA (essentially this means that HMRC has given assurance that the Proposals will be effected for bona fide commercial reasons and, accordingly, do not form part of a scheme or arrangement of which the main purpose is avoidance of liability to capital gains tax or corporation tax). HMRC has also advised that no notices under section 698 of the Income Tax Act 2007 or section 733 of the Corporation Tax Act 2010 (cancellation of tax advantages from certain transactions in securities) ought to be given in respect of the Proposals. For the avoidance of doubt, the advice given and the clearance granted by HMRC in respect of the Proposals and the Scheme do not apply to Shareholders who have exercised their statutory right to opt out of the Merger (see below at Part I, paragraph 13 of this document).

General risk factors relating to Amati VCT 2 and its shares

If the Proposals are implemented, Shareholders in Amati VCT will receive New Shares in Amati VCT 2 in respect of their Ordinary Shares. Full details of Amati VCT 2 and the rights attaching to the New Shares are contained in the Prospectus along with the Supplementary Prospectus.

Changes to governmental, economic, fiscal, monetary or political policy

Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts and any changes to taxation and tax reliefs, in particular changes to the VCT rules, could materially affect, directly or indirectly, the operation of Amati VCT 2 and/or the performance of Amati VCT 2 (and the portfolio companies in which it invests) and the value of and returns from Amati VCT 2 Shares and/or its ability to achieve or maintain VCT status.

Finance (No. 2) Act 2015

The qualifying conditions for VCTs were amended and became effective from Royal Assent of the Finance (No. 2) Act 2015 which was received on 18 November 2015. The new qualifying conditions include a maximum age limit for Qualifying Investments (generally seven years from first commercial sale) and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for knowledge intensive companies). The new conditions also prevent a company from using the funds it receives from a VCT to purchase shares in another company or to acquire an existing business or trade from another company.

Autumn Budget 2017 and Finance (No. 2) Bill 2017-19

The announcements made in the Budget Statement of 22 November 2017 signal the Government's intention to refocus VCT investments so as to target innovative and higher risk growth companies. A consequence, however, is that to the extent that the new rules are more restrictive and/or introduce a more subjective/principles based approach, there is a risk it may be more difficult for the Manager to predict in advance which investments will receive pre-clearance and/or investments which may have previously been qualifying under the old regime will not qualify under the new regime and so the pool of assets available will be smaller and more competitive. A new "risk-to-capital" condition has been introduced for investments made after Royal Assent to the Finance (No. 2) Bill 2017-19, which is expected to be granted in March 2018, and a new "principles based approach" has been introduced in assessing applications for Advance Assurance, with a view to excluding investments structured so as to provide a low risk return and which will streamline the application process. The recommendations of the Patient Capital Review, commissioned by the Treasury last summer, have informed much of the direction of Government policy in this area.

From 6 April 2018, the annual limit for so-called "knowledge intensive" companies will be increased from £5 million to £10 million (although the lifetime limit for these companies will remain at £20 million), and a company can elect to establish the starting point for the determination of the 10 year initial investment limit as the date at which the company's annual turnover exceeds £200,000, rather than the date of the company's first commercial sale.

For accounting periods beginning on or after 6 April 2019 the percentage held by VCTs in Qualifying Holdings will increase from a minimum of 70% to 80%. A further condition will require 30% of new funds raised in accounting periods beginning after 5 April 2018 to be invested in Qualifying Holdings within 12 months of the end of the accounting period following the issuance of shares. An extension of the disregard period for the disposal of Qualifying Holdings from 6 months to 12 months, with effect from 6 April 2019, is designed to help VCTs manage this change. Among other changes, several "grandfathering" provisions relating to funds raised prior to 2011 will be withdrawn, and VCT loans will need to be made on an unsecured basis once Royal Assent is granted to the Finance Bill, which is expected to be in March 2018. There is a risk that these changes could affect the operation and performance of Amati VCT 2 and its ability to maintain VCT status.

Of direct relevance to the Amati VCTs is the announcement that an unintended aspect of the VCT legislation in relation to mergers will be amended. Previously a sale in one VCT and a purchase in another VCT within a six month period after 6 April 2014 would result in the sale becoming a Linked Sale if the two VCTs were to merge at any point in the future, and therefore the tax relief on the linked purchase would be withdrawn. Under the new proposals, where a merger is undertaken for genuine commercial purposes, then income tax relief will not be withdrawn, providing that the transactions do not take place after it is known that the VCTs are going to merge.

Therefore, Shareholders should note that a new subscription in one of the Amati VCTs which follows a sale of the other Amati VCT within a six month period would be regarded as a "Linked Sale" if the Merger were to proceed, on the grounds that the intention to merge has been announced by the Companies on 27 October 2017, and that any such shareholder would reasonably have been expected to have had knowledge of the intention of the Companies to merge. Shareholders who are uncertain of their position in relation to potential Linked Sales are recommended to seek professional advice.

The Amati VCTs have applied for and received HMRC clearance that if the Merger proceeds, the switch from Amati VCT shares into Amati VCT 2 shares will not constitute a disposal for tax purposes. This however, does not apply to dissenting Shareholders who have exercised their statutory right to opt out of the Merger. Any such Shareholders will be treated as having disposed of their shares.

State aid

As a result of the tax status of VCTs, investments by VCTs in portfolio companies are regarded as State Aid. Where the European Commission believes that State Aid has been provided which is unlawful, in particular if it is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that State Aid. Such recovery may be from the investee company, the VCT or the VCT's investors.

Related risks of the Offers, the Dividend Reinvestment Scheme, the 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 Amati VCT 2 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 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 either or both of those approvals not be given then the Merger will not take place.

General and Market risks

The general and market risks of being an investor in Amati VCT 2 will be the same as those risks associated with being an investor in Amati VCT or in Amati VCT 2 prior to the Merger.

The past performance of Amati VCT 2 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 Amati VCT 2.

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.

The value of an investment in Amati VCT 2 may go down as well as up. Shareholders may get back less than the amount originally invested in Amati VCT 2, 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 Amati VCT 2's portfolio and opportunities for realisation may also depend on stock market conditions.

The ability of Amati VCT 2 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 (80% for accounting periods beginning on or after 6 April 2019).

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 Amati VCT 2 will be achieved or that suitable investment opportunities will be available. The success of Amati VCT 2 will depend on the Manager's ability to identify, acquire and realise investments in accordance with its investment policy and there can be no assurance that the Manager will be able to do so. If the investment objectives of Amati VCT 2 are not achieved and/or Amati VCT 2 is unable to identify, acquire and realise investments in accordance with its investment policy, the impact on its value and performance may be negative including that (i) Amati VCT 2 may be left with a larger cash pool than it would ideally wish which may act as a drag on investment returns, (ii) Amati VCT 2 may be forced to make Qualifying Investments 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) Amati VCT 2 may be forced to sell attractive investments which are liquid, in preference to less attractive investments which are illiquid, (iv) Amati VCT 2 may not be able to realise enough cash to support its target dividend payments, and (v) Amati VCT 2 may not be able to sell investments at times it believes most opportune. In any of these cases, the impact on Amati VCT 2 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 Amati VCT 2 and a reduction in its Net Asset Value per share.

Investments in AIM-traded and NEX-quoted companies and unquoted investments involve a higher degree of company specific risk than investments in companies listed on the Official List. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is normally less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. 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 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 Amati VCT 2 to achieve the intended level of investment in Qualifying Investments.

In relation to unquoted and quoted companies, proper information for determining the value of the underlying investments of Amati VCT 2, or the risks to which they are exposed, may also not be available. 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 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 therefore 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 smaller, less mature 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 Amati VCT 2 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 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 Amati VCT 2 undertaking share buybacks, trading in its shares is not active, so the price which sellers are likely to receive in the market is likely to reflect the price at which Amati VCT 2 will buy shares back for cancellation. Amati VCT 2 will buy shares in the market according to its 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, Amati VCT 2's ability to do this is dependent on the availability of its distributable reserves, and availability of liquidity. Moreover, its buyback policy may change.

Currently shares traded on AIM benefit from certain tax advantages, which may provide 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 Amati VCT 2 independent of the fundamentals of the companies in its portfolio.

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 Amati VCT 2.

Risks of the Merger

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

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

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

Tax related risks

In general (and save as otherwise described in this document), the tax related risks related to an investment in Amati VCT 2 will be the same after the Merger as before.

The tax rules or their interpretation in relation to an investment in Amati VCT 2 and/or rates of tax may change during the life of Amati VCT 2.

There can be no guarantee that Amati VCT 2 will maintain full VCT status. **If Amati VCT 2 ceases to retain approval as a VCT before Qualifying Subscribers have held their Ordinary Shares for five years (including any period in which the relevant shares were held in Amati VCT prior to the Merger), 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 Amati VCT 2 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 Amati VCT 2 ceased to have VCT status, it 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.

If at any time VCT status is lost, Amati VCT 2 may request that dealings in Ordinary Shares be suspended until such time as it 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. The changes announced in the Autumn 2017 Budget and their impact are set out above under the heading "Autumn Budget 2017 and Finance (No. 2) Bill 2017-19" on page 4 of this document.

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 in a VCT which has merged with that VCT, or the investor is reasonably expected to be aware of a proposed merger between the two VCTs 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.

Shareholders should note that if the Merger proceeds they should not subscribe for 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. Linked Sales will also be created if shareholders subscribe for either of the Amati VCTs prior to Merger proceeding where they have sold shares in the same VCT in the preceding six months, or subsequently sell in the following six months.

Currently dividends paid by VCTs are exempt from income tax for UK taxpayers. If this exemption were to be removed then Amati VCT 2's dividend policy might be reassessed.

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 Amati VCT 2 depends on, amongst other things, (i) on Amati VCT 2 continuing to offer such a scheme, (ii) on Amati VCT 2 paying dividends which are available to be re-invested and (iii) on Amati VCT 2 having sufficient allotment and issue authority to permit the re-investment of the dividends at the 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 receive a cash dividend.

The Dividend Re-Investment Scheme contains 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.

Action to be taken by Shareholders

To vote on the Proposals

The Proposals are conditional on the approval of the Shareholders of both Amati VCTs. Each proposed Resolution will require the approval of at least 75 per cent of the votes cast in respect of it. All Shareholders are requested to complete and return their forms of proxy to indicate how they wish to vote. You are only entitled to vote, or complete and return forms of proxy, for the Company in which you hold shares.

Enclosed with this document are three forms of proxy for use by Shareholders:

- BLUE for the First General Meeting of Amati VCT (to be held at 3.00 p.m. on 26 April 2018); and
- GREEN for the Second General Meeting of Amati VCT (to be held at 11.00 a.m. on 4 May 2018).
- YELLOW for the General Meeting of Amati VCT 2 (to be held at 2.30 p.m. on 26 April 2018).

To vote on the Proposals complete, sign and return to Share Registrars Limited the forms of proxy as follows:

- (1) the BLUE form of proxy for the First General Meeting of Amati VCT;
- (2) the GREEN form of proxy for the Second General Meeting of Amati VCT;
- (3) the YELLOW form of proxy for the General Meeting of Amati VCT 2,

or attend and vote at the relevant General Meeting in person.

Forms of proxy must be received 48 hours (excluding non-working days) before each of the General Meetings i.e. no later than 3.00 p.m. on 24 April 2018 in the case of forms of proxy for use at the First General Meeting of Amati VCT and no later than 2.30 p.m. on 24 April 2018 in the case of forms of proxy for use at the General Meeting of Amati VCT 2 and no later than 11.00 a.m. on 2 May 2018 in the case of forms of proxy for use at the Second General Meeting of Amati VCT.

Further details

Full details of the action to be taken by Shareholders are set out in the paragraph headed "Action to be taken" on page 20 of Part I of this document and in the instructions on the forms of proxy.

The attention of Overseas Shareholders is drawn to the sections headed "Overseas Shareholders" in paragraph 5 of Part II of this document.

Expected timetable

2018

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| Latest time and date for receipt of YELLOW forms of proxy for the General Meeting of Amati VCT 2 | 2.30 p.m. on 24 April |
| Latest time and date for receipt of BLUE forms of proxy for the First General Meeting of Amati VCT | 3.00 p.m. on 24 April |
| General Meeting of Amati VCT 2 | 2.30 p.m. on 26 April |
| First General Meeting of Amati VCT | 3.00 p.m. on 26 April |
| Time and date from which it is advised that dealings in Ordinary Shares should only be for cash settlement and immediate delivery of documents of title | 8.00 a.m. on 1 May |
| Latest time and date for receipt of GREEN forms of proxy for the Second General Meeting of Amati VCT | 11.00 a.m. on 2 May |
| Calculation Date | 5.00 p.m. on 3 May |
| Record Date for Shareholders entitlements under the Scheme | 6.00 p.m. on 3 May |
| Dealings in Ordinary Shares of Amati VCT suspended | 7.30 p.m. on 4 May |
| Second General Meeting of Amati VCT | 11.00 a.m. on 4 May |
| Effective Date for implementation of the Scheme and commencement of the liquidation of Amati VCT | 4 May |
| Admission to listing and dealings commence in the New Shares issued pursuant to the Scheme | 8.00 a.m. on 8 May |
| New Shares issued in uncertificated form credited to CREST accounts of Shareholders under the Scheme | 8.00 a.m. on 8 May |
| Cancellation of listing of Ordinary Shares of Amati VCT on the premium segment of the Official List and trading on the Main Market | 8.00 a.m. on 8 May |
| Share and tax certificates in respect of New Shares issued in certificated form pursuant to the Scheme dispatched to Shareholders entitled thereto | week commencing 14 May |

Note: Each of the times and dates in the above expected timetable (other than in relation to the General Meetings) may be extended or brought forward without further notice. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service provider.

Part I – Joint letter from the Chairmen of the Amati VCTs

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

9 March 2018

Dear Shareholder,

Recommended proposals for the merger of Amati VCT plc and Amati VCT 2 plc and the reconstruction and voluntary winding up of Amati VCT plc

1. Introduction

The Boards of Amati VCT and Amati VCT 2 have reached agreement in respect of a recommended merger of the assets and liabilities of Amati VCT with Amati VCT 2 (the “**Proposals**”) pursuant to a scheme of reconstruction and winding up of Amati VCT under section 110 of the Insolvency Act 1986 (the “**Scheme**”). Both Amati VCTs are Venture Capital Trusts managed by Amati Global Investors.

The Scheme, further details of which are set out in this document, will allow the Shareholders of the Amati VCTs to continue their investment in a VCT that invests in a portfolio that is very similar to their current portfolio and retain the upfront VCT tax relief they obtained on subscription for their Ordinary Shares. This document explains the effects of the Proposals, which are conditional on, among other matters, the approval of Shareholders of both Companies at the General Meetings to be held on 26 April and 4 May 2018. Each Resolution will require the approval of at least 75 percent of the votes cast in respect of it.

Both Boards consider the Proposals to be in the interests of Shareholders as a whole and recommend that Shareholders vote in favour of the Resolutions required to implement the Proposals at the General Meetings. Notices of the General Meetings are set out at the end of this document.

In the event that the Resolutions set out in the notices of the First General Meeting and the Second General Meeting of Amati VCT and resolutions 1 to 3 inclusive set out in the notice of the General Meeting of Amati VCT 2 are not passed or any other condition of the Proposals is not met, the Proposals will not be implemented and the Companies will continue as separate VCTs.

2. Background to the Proposals

The Boards of Amati VCT and Amati VCT 2 announced on 28 June 2017 that they were considering whether a merger of the Companies was in the best interests of both sets of shareholders. As a result of the ensuing discussions, each Board came to the view that, in principle, it was in favour of recommending a Merger to its respective shareholders. However, the final agreement to merge was held up by a particular aspect of the VCT legislation (S264A of ITA 2007, “S264A”), whereby

shareholders who had sold shares in one of the Companies any time after 6 April 2014 and bought shares in the other within a six month period could have had their tax relief withdrawn in the event of a merger of the Companies, on the basis that this would be regarded retrospectively as a Linked Sale. This was an unintended consequence of the legislation which has now been clarified (see above, "Autumn Budget 2017 and Finance (No. 2) Bill 2017-19, to the satisfaction of the Manager and the Directors, in a way which now clears the way for a merger between the Companies.

The Boards of Amati VCT and Amati VCT 2 believe that there are a number of advantages for both sets of shareholders in undertaking a merger. The most significant is the economies of scale which would be achieved through the creation of a single larger VCT with a larger capital base over which to spread administration, regulatory and governance costs, including the significant fixed costs of maintaining the listing of a VCT on the Official List. This is expected to result in lowering the annual ongoing charges ratio for the Enlarged Company by approximately 0.2% of Net Asset Value per annum, thereby improving returns to shareholders by that amount annually.

The portfolios of the Amati VCTs have been managed by AGI with the same mandates for the last seven years and have therefore already become substantially aligned. Where there are distinct 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 the Enlarged Company, with the resulting diversification being potentially beneficial to both sets of Shareholders.

An additional effect of the merger will be to create an enlarged share premium account which will replace the current distributable reserves of Amati VCT as well as the non-distributable reserve created for unrealised gains in the holdings of Amati VCT. Subject to a court process after the merger, this enlarged share premium account can potentially be converted to distributable reserves, with the result that the merged entity would then have larger distributable reserves than the two individual VCTs did before the merger. In all cases, the use of these distributable reserves in returning capital to shareholders is subject to the VCT legislation, such that any share premium account created through a subscription for shares cannot be converted and distributed to shareholders within three years of that subscription.

Shareholders should note that although the VCT legislation in respect of Linked Sales has now been clarified as outlined above, if the Merger proceeds, they should not subscribe for new shares in the Offers 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 on the grounds that they had known of the intention of the Amati VCTs to merge in advance of their subscription. Shareholders who are uncertain about their position in relation to potential Linked Sales are recommended to seek professional advice. For further information, see pages 3 to 8 (inclusive) of this document.

3. The Proposals

Under the Proposals, Amati VCT will be wound up voluntarily pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 and its undertaking, assets and liabilities will be transferred to Amati VCT 2 in consideration for the issue of New Shares to Shareholders. **The Proposals are subject to approval by the Shareholders of both Companies.**

4. The Scheme

The Scheme provides for the undertaking (being the business of Amati VCT), assets and liabilities of Amati VCT to be transferred to Amati VCT 2 in consideration for the issue of New Shares of an equivalent value to Amati VCT Shareholders. The Scheme is subject to, amongst other conditions, approval by the Shareholders of both Companies.

The New Shares issued pursuant to the Scheme will rank *pari passu* in all respects with the existing Shares in Amati VCT 2.

In further consideration for the transfer of the undertaking, assets and liabilities of Amati VCT to Amati VCT 2, Amati VCT 2 will, pursuant to the Deed of Indemnity, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of Amati VCT and the purchase for cash of any holdings of dissenting Amati VCT Shareholders.

New Shares to be issued to Amati VCT Shareholders

If the Scheme is implemented, Amati VCT 2 will acquire all of Amati VCT's undertaking, assets and liabilities. The consideration for such acquisition shall be the issue of New Shares to Amati VCT

Shareholders and the Merger will be completed on a relative net asset basis. The assets to be transferred to Amati VCT 2, as at 28 February 2018, comprise investments in a portfolio of equities and convertible loans in 57 companies which, as at 28 February 2018, had a combined unaudited market valuation of approximately £63.8 million, together with certain other cash holdings. Given that Amati VCT, 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 Ordinary Share as at 28 February 2018 was 99.49p.

The ten largest Qualifying Investments in Amati VCT are all capitalised at more than £100m, with three capitalised at over £400m. Nine of the top ten Amati VCT holdings now pay dividends. The unweighted average term of these investments thus far is around six years for Amati VCT. The unweighted average share price returns from these top ten investments since they were added to the portfolio (based on the investment price blended across more than one round in the case of follow-on investments) was around 700% for Amati VCT. The investments currently held by Amati VCT comply with Amati VCT 2's investment policy and it is intended to manage the portfolio so that this remains the case pending the Merger.

The number of New Shares to be issued to Amati VCT Shareholders under the Scheme will be based on the adjusted Net Asset Value of an Amati VCT 2 Ordinary Share (the "**FAV per VCT 2 Share**") and the adjusted Net Asset Value of an Amati VCT Share (the "**FAV per VCT 1 Share**"). The FAV per VCT 2 Share and the FAV per VCT 1 Share will be calculated as at 3 May 2018 using each Company's respective accounting policies, except in respect of the valuation of the underlying investments in both VCTs, which, in order to compare like with like, will be valued on the basis of Amati VCT 2's valuation policy as follows: (a) investments held by the Companies which are traded on AIM, NEX or are listed on the Main Market of the London Stock Exchange will be valued by reference to the closing bid prices of the London Market Maker price feed on the Calculation Date; (b) investments held by the Companies which are traded on SETS (the London Stock Exchange's electronic trading service) will be valued by reference to the closing (mid) prices on the Calculation Date as this is considered to be a more accurate indication of the fair value of certain larger, more liquid stocks; and (c) unquoted investments held by the Companies will be valued at their fair value as determined by the Directors of the respective boards as at the Calculation Date and based on the information available to the Directors as at the Calculation Date. More information is set out in Part III of this document which describes the Scheme in detail.

The FAV per VCT 2 Share will be calculated as above and as set out in Part III, adjusted to add back the costs and expenses of the Proposals already incurred by VCT 2 prior to the Effective Date. The FAV per VCT 1 Share will be calculated as above and as set out in Part III, adjusted to add back the costs and expenses of the Proposals already incurred by VCT 1 prior to the Effective Date.

Amati VCT Shareholders will be issued such number of New Shares as equate to the FAV per VCT 1 Share multiplied by the number of Ordinary Shares held by the relevant Shareholder, then divided by the FAV per VCT 2 Share (with the aggregate number rounded down to the nearest share). The New Shares issued pursuant to the Scheme will rank *pari passu* in all respects with the existing issued Ordinary Shares of Amati VCT 2.

The cash transferred to Amati VCT 2 by Amati VCT under the Scheme will be used and invested in accordance with the Enlarged Company's investment policy (save to the extent required to meet its liabilities).

Announcement of the results of the Scheme

The number of New Shares to be issued pursuant to the Scheme, the FAV per VCT 1 Share and the FAV per VCT 2 Share will all be announced through a Regulatory Information Service as soon as practicable following the Calculation Date.

Change of Name

It is proposed that if the Scheme becomes effective Amati VCT 2 will change its name to Amati AIM VCT.

5. Proposed Directors

The respective Boards have considered what the size and future composition of the Board should be following the Merger. The Board of Amati VCT currently comprises 4 directors and that of Amati VCT 2 currently comprises 3 directors. Following the Merger it is anticipated that Julia Henderson, Peter Lawrence and Brian Scouler (each of whom is an Amati VCT Director) will be appointed to the Board of Amati VCT 2 and join Susannah Nicklin and Mike Killingley (each of whom is an Amati VCT 2 Director). In addition, Charles Pinney will retire as a Director of Amati VCT and Julian Avery will retire as a

Director of Amati VCT 2. As a result following the Merger, the Board will comprise five Directors. For continuity reasons, Peter Lawrence, currently chairman of Amati VCT will become Chairman of the Enlarged Company for approximately 12 months in order to oversee the Merger process and ensure a smooth transition. Upon Peter Lawrence's retirement, the Board of Amati VCT 2 will comprise four Directors.

6. Benefits of the Merger

The Directors consider that the Merger would be in the best interests of Shareholders for the following reasons:

- it would result in estimated aggregate cost savings for the Enlarged Company of around £208k per annum; and
- the combined portfolio would benefit from some increased diversification of holdings in respect of the small number of holdings which are held only by one of the VCTs currently; and
- it would create a larger merged company with net assets of approximately £124 million which may make it more attractive to private client wealth managers to recommend to their clients and may enhance the liquidity of the shares of the Enlarged Company in the secondary market.

Note: The net assets of the Enlarged Company are based on the combined net assets of the Companies as at 28 February 2018 with no adjustment to investment values for the differing accounting treatment between the VCTs relating to price feed. Costs of the Proposals and Offer incurred to 28 February 2018, being approximately £160,000 of an anticipated total of £385,000, are already included in the net assets, as are approximately £10 million of net proceeds of the current fundraising by the Companies to that date.

As Amati Global Investors will continue to manage the Enlarged Company's funds after the Scheme is implemented, Amati Global Investors has agreed to the termination of the Investment Management Agreement with Amati VCT on the Effective Date without notice or penalty.

As a result, the Boards of both Amati 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 ratio by around 0.2% of Net Asset Value per year, which goes directly to boosting shareholder returns by the same amount.

In addition, subject to a court process after the Merger to restructure the share premium account created by the Merger, the Enlarged Company can potentially benefit from increased distributable reserves, which will support its ability to maintain the current dividend policy in the foreseeable future (please see Part IV, section 4 on page 29 of this document for more information).

7. Information on Amati VCTs

If the Scheme becomes effective, Shareholders will continue to benefit from the management expertise of Amati Global Investors. The calculation of the fees payable by the Enlarged Company will be based on the same arrangements as the Company's current management arrangements. Further details of Amati Global Investors' investment management arrangements (which will continue if the Scheme becomes effective) are set out in section 6 of Part IV of this document.

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, the 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. The Boards believe both Amati 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. The Boards believe that this important inflection point has been reached for both Amati VCTs. By way of illustration, as at 28 February 2018 the ten largest Qualifying Investments in each of the Amati VCTs were all capitalised at more than £100m, with five capitalised at over £400m in Amati VCT and five in Amati VCT 2, with the median being £264 million in Amati VCT and £366 million in Amati VCT 2. Eight 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 six years for Amati VCT and seven years for Amati VCT 2. The unweighted average share price returns from these top ten investments since they were added to the respective portfolios (based on the investment price blended across

more than one round in the case of follow-on investments), were around 700% for Amati VCT and 959% for Amati VCT 2.

In both Amati VCTs, the top 10 holdings represent over 50% of the value of the portfolio 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 the portfolio concentration which has increased over recent years in line with the success of the investment strategy. If the Offers are fully subscribed, the Boards believe that the Companies are well placed to make sufficient new investments to continue to meet the minimum 70% test (which will increase to 80% for accounting periods beginning on or after 6 April 2019) 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 2.

Attractions of Amati VCT 2

The Directors of Amati VCT 2 believe that Amati VCT 2 represents an attractive investment proposition because:

- a) subscribers for new shares in Amati VCT 2 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 of the Prospectus);
- 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 some of 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. The performance of the TB Amati UK Smaller Companies Fund has been recognised in a number of awards and ratings (for example, winner of the Money Observer Fund Awards 2017 for Best UK Smaller Mid Cap Equity Fund and winner of the Investment Week Fund Manager of the Year 2017 UK Smaller Companies award);
- 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 Amati VCT 2 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 Amati VCT 2 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) Amati VCT 2 maintains a share buyback programme which, subject to the availability of distributable reserves and its 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); and
- h) the fund managers at Amati Global Investors are aligned to the success of the Companies, and own a total of 301,964 shares in Amati VCT 2 and a total of 357,234 shares in Amati VCT (all of which will be rolled over into Amati VCT 2 in the Merger).

For the avoidance of doubt, if the Merger becomes effective, there will be no changes to the investment strategy, dividend policy or share buyback policy of Amati VCT 2. Further, if the Merger becomes effective Amati VCT will not declare a final dividend and all Shareholders of the Enlarged Company will be eligible for the final dividend payable by Amati VCT 2 in respect of the financial year to 31 January 2018.

Further details about Amati VCT 2 are set out in Part IV of this document and in the Prospectus published by the two Companies and the joint Supplementary Prospectus.

8. Other recent changes to the VCT legislation

The announcements made in the Budget Statement of 22 November 2017 signal the Government's intention to refocus VCT investments so as to target innovative and higher risk growth companies. The Manager views the principal changes positively, believing that they will underpin the long term success of the VCT investments by improving the value that they are seen to generate for the tax payer, and believing that the kind of investments which the Amati VCTs have made historically are already very much in line with the policy objectives behind these changes.

A new "risk-to-capital" condition has been introduced for investments made after 6 April 2018, and a new "principles based approach" has been introduced in assessing applications for Advance Assurance, with a view to excluding investments structured so as to provide a low risk return and which will streamline the application process. The recommendations of the Patient Capital Review, commissioned by the Treasury last summer, have informed much of the direction of Government policy in this area.

The annual limit for so-called "knowledge intensive" companies will be increased from £5 million to £10 million (although the lifetime limit for these companies will remain at £20 million), and a company can elect that the starting point for the determination of the 10 year initial investment limit will be when annual turnover exceeds £200,000, rather than the first commercial sale.

For accounting periods beginning on or after 6 April 2019 the minimum percentage held by VCTs in Qualifying Holdings will increase from 70% to 80%. A further condition will require 30% of new funds raised in accounting periods beginning after 5 April 2018 to be invested in Qualifying Holdings within 12 months of the end of the accounting period following the issuance of shares. There is an extension of the disregard period for the disposal of Qualifying Holdings from 6 months to 12 months, with effect from 6 April 2019, which is designed to help VCTs manage this change. The Amati VCTs have tended to run at a level of Qualifying Investments over 80% in any case, so if the Merger were to be implemented this change is not expected to make a significant impact on the Enlarged Company. Whilst the margin for error will be reduced by it, the new 12 month disregard for cash raised by selling Qualifying Investments is very welcome in offsetting this change.

Among other changes, several "grandfathering" provisions relating to funds raised prior to 2011 will be withdrawn, and VCT loans will need to be made on an unsecured basis once Royal Assent is granted to the Finance Bill, which is expected to be in March 2018. These changes are not expected to have a material impact on the investments made by the Amati VCTs nor the Enlarged Company were the Scheme to be implemented.

9. Offer for Subscription

In addition to the Merger the Companies are carrying out an Offer for Subscription (which was announced on 27 October 2017) to raise up to £10 million each (before costs and with an overallotment option for Amati VCT 2 only of a further £10 million if the Merger proceeds). The terms of the Offer are set out in the Prospectus and the Supplementary Prospectus published by the Companies. The Amati VCT Offer will be closed on or around 5 April 2018, in anticipation of the Shareholder votes on the Merger. After that date, any applications for shares in Amati VCT received subsequently or unprocessed at that time will be deemed to be applications for shares in Amati VCT 2.

10. Dividend policy

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 upfront subscription costs of 3%).

For the avoidance of doubt, if the Scheme becomes effective, there is no current intention to change the dividend policy of Amati VCT 2. If the Merger proceeds, Amati VCT will not declare a final dividend in respect of the financial year to 28 February 2018. All shareholders of the Enlarged Company will be eligible for the final dividend payable by Amati VCT 2 in respect of the financial year to 31 January 2018, which will be declared at the annual general meeting on 27 June 2018.

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 57.30p.

Amati VCT cumulative dividends

| 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 |
| 8 December 2017 | 2.00p |
| Total | 57.30p |

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. The dividend payment history of Amati VCT 2 since inception is shown in the table below, giving total dividends paid to date, adjusting for the share consolidation in November 2011, of 68.84p (29.05p per original share).

Amati VCT 2 cumulative dividends

| Payment Date | Amount paid per Original Share | Amount paid per Consolidated Share |
|---|--------------------------------|------------------------------------|
| 21 June 2002 | 1.70p | 4.03p |
| 19 June 2003 | 0.80p | 1.90p |
| 16 June 2004 | 0.25p | 0.59p |
| 30 June 2005 | 0.50p | 1.18p |
| Merger S&F 1 & 2 into ViCTory VCT in Nov 2005 | | |
| 03 July 2007 | 2.00p | 4.74p |
| 02 November 2007 | 2.00p | 4.74p |
| 24 June 2008 | 2.00p | 4.74p |
| 24 October 2008 | 0.50p | 1.18p |
| 26 July 2011 | 2.00p | 4.74p |
| 18 October 2011 | 1.00p | 2.37p |
| Merger AVCT 2 into ViCTory VCT on 8 Nov 2011 | | |
| Consolidation of shares on 10 Nov 2011 | | |
| 17 July 2012 | 1.32p | 3.13p |
| 26 October 2012 | 1.06p | 2.50p |
| 15 July 2013 | 1.48p | 3.50p |
| 25 October 2013 | 1.16p | 2.75p |
| 25 July 2014 | 1.69p | 4.00p |
| 07 November 2014 | 1.16p | 2.75p |
| 24 July 2015 | 1.48p | 3.50p |
| 13 November 2015 | 1.16p | 2.75p |
| 22 July 2016 | 1.48p | 3.50p |
| 25 November 2016 | 1.16p | 2.75p |
| 21 July 2017 | 1.79p | 4.25p |
| 24 November 2017 | 1.37p | 3.25p |
| Total | 29.05p | 68.84p |

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.

11. Costs and expenses

The aggregate costs and expenses to be incurred by the Companies in connection with the Merger are expected to be approximately £228,000 (including VAT and stamp duty). It has been agreed that all costs of implementing the Merger (including the costs of purchasing the interests of any dissenting Shareholders) will effectively be met by the Enlarged Company following the completion of the Scheme. Should the Scheme be implemented, it is expected that the costs of the Merger will be recouped from cost savings achieved by the Enlarged Company within approximately 12 months of the Effective Date. The effect of this arrangement is that the costs of the Merger are borne by the Shareholders of the Companies in proportion to their relative contribution to the net asset value of the Enlarged Company.

In the event that the Scheme does not become effective, it is estimated that the aggregate costs incurred by the Companies in connection with the Merger and the Offer will be approximately £260,000. In the event that the Merger does not become effective, Amati VCT and Amati VCT 2 have agreed to bear these costs in proportion to their respective unaudited net asset values which, as at 28 February 2018, would have resulted in an allocation of circa 52% to Amati VCT and 48% to Amati VCT 2 respectively.

12. Dealings in Ordinary Shares

The Register of Amati VCT will remain open until the Effective Date, but the Ordinary Shares will be disabled in CREST on 1 May 2018. The last day for trading in the Ordinary Shares of Amati VCT on the London Stock Exchange for normal settlement (in order to enable settlement prior to the Record Date) will be 2 May 2018. As from 1 May 2018, dealings should be for cash settlement only and, in the case of certificated Ordinary Shares, will only be registered if documents of title are delivered immediately. The Record Date, being the date for determining which Shareholders are entitled to participate in the Scheme, is 6.00 p.m. on 3 May 2018. Dealings in the Ordinary Shares of Amati VCT on the London Stock Exchange and the Official List will be suspended at 7.30 a.m. on 4 May 2018 and it is expected that the listing of the Ordinary Shares of Amati VCT will be cancelled on or around 8 May 2018. Further details regarding dealings in the Ordinary Shares on the London Stock Exchange are set out in section 2 of Part II of this document.

13. Taxation

As explained in more detail in Part V of this document, the receipt by Shareholders of New Shares will allow Shareholders to retain any upfront VCT income tax relief they obtained on subscription for their Ordinary Shares and would not constitute a disposal of their Ordinary Shares in Amati VCT for UK capital gains tax purposes. Amati VCT shareholders would, for UK tax purposes, effectively be able to treat the New Shares received pursuant to the Scheme as if they had been acquired at the date of and the price of the original Ordinary Shares (in aggregate) in Amati VCT (although the cost per share will need to be recalculated based on the pro rata exchange ratio). As Amati VCT 2 is also a VCT, the usual VCT tax reliefs will continue to apply.

Shareholders who exercise their statutory right to opt out of the Merger will be treated as having disposed of their shares (but of course the Merger will only proceed and dissenting shareholders be forced sellers if the Merger is approved by special resolutions of the shareholders of both Companies).

14. Shareholder meetings

The notices convening the First General Meeting of Amati VCT (to be held at 3.00 p.m. on 26 April 2018) and the Second General Meeting of Amati VCT (to be held at 11.00 a.m. on 4 May 2018) are set out on pages 42 to 47.

The notice convening the General Meeting of Amati VCT 2 (to be held at 2.30 p.m. on 26 April 2018) is set out on page pages 48 to 50.

First General Meeting of Amati VCT

The resolution to be considered at the First General Meeting of Amati VCT (which will be proposed as a special resolution) will, if passed, approve the Scheme and authorise its implementation by the Liquidators. An explanation of this resolution is set out in section 11 of Part III of this document. The resolution will require the approval of at least 75 per cent of the votes cast in respect of it. The Scheme will not become effective unless and until, *inter alia*, the Merger Resolutions are passed, including the resolution to be proposed at the Second General Meeting of Amati VCT and the first three resolutions at the General Meeting of Amati VCT 2. The First General Meeting of Amati VCT will be held at 3.00 p.m. on 26 April 2018.

Second General Meeting of Amati VCT

The resolution to be considered at the Second General Meeting of Amati VCT (which will be proposed as a special resolution) will be to wind up Amati VCT voluntarily and appoint the Liquidators. This resolution is subject to the conditions set out in section 11 of Part III of this document being fulfilled. The resolution will also authorise the Liquidators to exercise certain powers for which the express sanction of Shareholders is required. The resolution will require the approval of at least 75 per cent. of the votes cast in respect of it. The Second General Meeting of Amati VCT will be held at 11.00 a.m. on 4 May 2018.

General Meeting of Amati VCT 2

The resolutions to be considered at the General Meeting of Amati VCT 2 (which will be proposed as special resolutions) will be to (i) grant the directors authority to allot New Shares in connection with the Scheme and dis-apply pre-emption rights in relation to these New Shares; (ii) cancel the share premium account of the Enlarged Company; (iii) change the name of the Enlarged Company to Amati AIM VCT and (iv) amend the articles of association of Amati VCT 2 by increasing the cap on Directors remuneration. These resolutions are subject to the conditions set out in section 11 of Part III of this document being fulfilled. Each Resolution will require the approval of at least 75 per cent. of the votes cast in respect of it. The General Meeting of Amati VCT 2 will be held at 2.30 p.m. on 26 April 2018.

In relation to the first resolution to be considered at the General Meeting of Amati VCT 2, the total number of New Shares the directors will have authority to allot is dependent upon the number of New Shares to be issued in the Merger. The formula for calculating the number of New Shares to be issued is set out in Part III of this document. If the Merger had taken place on 28 February 2018 using the NAVs at that date it is expected that around 38.5 million New Shares in Amati VCT 2 would be issued under this authority. It is intended to exercise this authority only in connection with the Merger. The resolution specifies that the authority to allot the New Shares in connection with the Merger will expire on 30 June 2018 although it is expected that the Merger, if it takes place, will take place in the first half of May. The pre-emption rights in respect of the entire amounts set out above will also be dis-applied.

15. Cancellation of the share premium account

Amati VCT 2 is proposing, subject to Shareholders' approval (which will require at least 75% of the shareholders' votes cast in respect of each Resolution) and approval of the High Court (the "Court"), to cancel the share premium account of the Enlarged Company and transfer this amount to reserves, thereby creating a special reserve which shall be able to be applied in any manner in which its profits available for distribution are able to be applied (as determined in accordance with the CA 2006 and the Reduction of Share Capital Order) and subject to the limitations on the return of capital introduced by the Finance Act 2014. Such uses may include buying back shares, writing off losses and enhancing the ability to make distributions.

The Board of Amati VCT 2 believes that Amati VCT 2 should have the ability and flexibility to pay dividends and to buy back shares in the market (in excess of the existing distributable reserves). The share premium account currently stands at £20.3 million, but the key date in respect of fixing the value of the account is the date of confirmation from the Court in respect of the cancellation, and the amount of the account will be significantly higher at the date of the Court confirmation as a result of the Merger. The amount may also vary because of any share issues or share buybacks between now and the date of the Court confirmation.

By way of illustration, if both the Merger and the Court confirmation had occurred on 28 February 2018, the latest practicable date to calculate the numbers prior to publication of this document, the amount in the share premium account and available for cancellation, prior to any restrictions imposed by the Court, would be £82 million. The Board of Amati VCT 2 (supported by the Board of Amati VCT) unanimously recommends that shareholders of Amati VCT 2 vote in favour of this proposal.

It should be noted that legislation was introduced by the Government in the Finance Act 2014, effective from 6 April 2014, which limits the ability of VCTs to return share capital to an investor that does not represent profits made on investments. This restriction applies for a three year period beginning with the end of the accounting period in which investment funds are raised. The restriction does not apply to share capital to the extent that it consists of shares issued before 6 April 2014, and also does not apply to funds used for share buybacks. HMRC may withdraw the Company's VCT status if it fails to comply with this condition. The New Shares issued as a result of the Merger will for these purposes be treated as issued on the date that the shares were originally issued by the predecessor Company.

For illustrative purposes, if both the Merger and the Court confirmation had occurred on 28 February 2018, of the new reserve created of £82 million, £27 million would be restricted by the provisions of the Finance Act 2014 as at that date (becoming available over time) and £55 million would be available immediately.

16. Conditions of the Scheme

Implementation of the Scheme is conditional, *inter alia*, on the Merger Resolutions being passed. If any of the Resolutions set out in the notices of the First General Meeting and the Second General Meeting and Resolutions 1 to 3 inclusive set out in the notice of the General Meeting of Amati VCT 2 are not passed or any of the other conditions to the Scheme are not satisfied, the Proposals will not be implemented, in which event the Companies will continue as separate VCTs.

The Scheme is also conditional on the other conditions set out in paragraph 11 of Part III of this document being satisfied.

17. Action to be taken

Shareholders will find enclosed forms of proxy for use in relation to the General Meetings (BLUE for the First General Meeting of Amati VCT, GREEN for the Second General Meeting of Amati VCT and YELLOW for the General Meeting of Amati VCT 2).

Whether or not they propose to attend the General Meetings, Shareholders are asked to complete and return the relevant forms of proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received by not later than 3.00 p.m. on 24 April 2018, in the case of the BLUE forms of proxy for the First General Meeting of Amati VCT, 11.00 a.m. on 2 May 2018, in the case of the GREEN forms of proxy for the Second General Meeting of Amati VCT and 2.30 p.m. on 24 April 2018, in the case of the YELLOW forms of proxy for the General Meeting of Amati VCT 2. Completion and return of a form of proxy will not prevent a Shareholder from attending and voting in person at the relevant General Meeting should he wish to do so. If a Shareholder is an Amati VCT shareholder only he should not use the YELLOW form of proxy for Amati VCT 2. If a Shareholder is an Amati VCT 2 shareholder only he should not use the BLUE and GREEN forms of proxy for Amati VCT.

If the Merger proceeds, Shareholders in Amati VCT need not take further action to receive New Shares, which will either be credited to their existing CREST accounts or, if held in certified form, will be posted to their address as set out in the register of members within 14 days of issue.

18. Overseas Shareholders

The issue of New Shares to persons, residents in or citizens of jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdiction.

Further details relating to Overseas Shareholders are set out in section 5 of Part II.

19. Directors' intentions and recommendation

The Boards of both Companies consider the Proposals, and the Resolutions to implement them, to be in the best interests of the Shareholders of both Companies. Accordingly, the Boards recommend unanimously that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings which total 1,002,713 Ordinary Shares in Amati VCT (representing 1.56 per cent. of the total voting rights in Amati VCT exercisable at each General Meeting of Amati VCT) and 161,394 Ordinary Shares in Amati VCT 2 (representing 0.45 per cent. of the total voting rights of Amati VCT 2 exercisable at that General Meeting).

Shareholders who are in any doubt as to the contents of this document or as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or an appropriately qualified and duly authorised independent financial adviser without delay.

Yours faithfully

Peter Lawrence, Chairman

Amati VCT plc

Julian Avery, Chairman

Amati VCT 2 plc

Part II – Further details of the Proposals

1. Mechanics of the Proposals

Subject to the passing of the Merger Resolutions (and satisfaction of the other conditions of the Scheme, full details of which are set out in section 11 of Part III), Amati VCT will be placed into members' voluntary liquidation and the Merger will take effect from the Effective Date.

On the Effective Date the undertaking, assets and liabilities of Amati VCT shall be transferred to Amati VCT 2. In consideration for the transfer of such undertaking, assets and liabilities to Amati VCT 2, New Shares in Amati VCT 2 will be issued to Shareholders of Amati VCT (save for the dissenting Shareholders). In further consideration for the transfer of the undertaking, assets and liabilities of Amati VCT to Amati VCT 2, Amati VCT 2 will, pursuant to the Deed of Indemnity undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Merger, the winding up of the Amati VCT and the purchase for cash of any holdings of dissenting Shareholders.

2. Dealings in Ordinary Shares on the London Stock Exchange

The last day for trading in the Ordinary Shares of Amati VCT on the London Stock Exchange for normal settlement (in order to enable settlement prior to the Record Date) will be 1 May 2018. As from 1 May 2018, dealings will be for cash settlement only and, in the case of certificated Ordinary Shares, will only be registered if documents of title are delivered immediately.

The Record Date, being the date for determining which Shareholders are entitled to participate in the Scheme, is 6.00 p.m. on 3 May 2018.

If Shareholders dispose of their Ordinary Shares otherwise than through the London Stock Exchange, they must make their own arrangements with the other parties concerned as regards entitlements under the Scheme.

3. Settlement and dealings in New Shares of Amati VCT 2

Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for the New Shares to be issued under the Scheme to be admitted to the premium segment of the Official List and to trading on the Main Market. If the Merger becomes effective, it is expected that the New Shares will be admitted to the Official List and that the first day of dealings in such securities will be 8.00am on 8 May 2018.

New Shares will be issued in registered form and may be held in either certificated or uncertificated form. Those Shareholders who hold their Ordinary Shares in Amati VCT in certificated form at the Record Date will receive their New Shares in certificated form. It is expected that share certificates in respect of such New Shares will be dispatched to the Shareholders entitled thereto in the week commencing 14 May 2018.

It is expected that Shareholders who hold their Ordinary Shares in Amati VCT in uncertificated form at the Record Date will receive their New Shares in uncertificated form on 8 May 2018, although Amati VCT 2 reserves the right to issue such securities in certificated form. In normal circumstances, this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Registrar in connection with CREST. Amati VCT 2 will procure that instructions are given to credit the appropriate stock accounts in CREST with the relevant entitlements to New Shares in uncertificated form.

Share certificates

Existing certificates in respect of Ordinary Shares of Amati VCT will cease to be of value for any purpose following the dispatch to Shareholders of certificates in respect of their new holdings in Amati VCT 2.

General

All documents and remittances dispatched to or from Shareholders or their appointed agents in connection with the Merger will be dispatched at Shareholders' own risk.

4. Dissenting Shareholders

Provided that a Shareholder of Amati VCT does not vote in favour of the resolution to be proposed at the First General Meeting, such Shareholder may within seven days following the First General Meeting, express his/her dissent to the Liquidators in writing at the registered office of Amati VCT and require the Liquidators to purchase the Shareholder's holding in Amati VCT. The Liquidators will offer to purchase the holdings of the dissenting Shareholders at the realisation value, this being an estimate of the amount a Shareholder would receive per Ordinary Share in an ordinary winding up of Amati VCT if all of the assets of Amati VCT had to be realised and distributed to Shareholders. The realisation value of an Ordinary Share is expected to be significantly below the unaudited net asset value per Ordinary Share. The costs of purchasing the interests of any dissenting Shareholders will be paid out of the indemnity to be given by Amati VCT 2, as set out in the Deed of Indemnity.

5. Overseas Shareholders

- 5.1 The issue of New Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements. In particular:
- 5.11 none of the New Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States' statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan or South Africa;
 - 5.12 the New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and
 - 5.13 no offer is being made, directly or indirectly, under the Merger, in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Japan, Australia or South Africa.
- 5.2 It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer of other taxes or duties due in such jurisdiction.

6. Common Reporting Standards

From 1 January 2016 VCTs, along with investment trusts, are required to report the tax residence of their shareholders. Subject to the Merger becoming effective, those Shareholders of Amati VCT that are not already on the register of Amati VCT 2 and who hold their shares in certificated form, will be sent a document along with their new share certificate in the Enlarged Company, which those Shareholders should complete and return to the Registrar.

Part III – The Scheme

1. Definitions and interpretation

The definitions set out on pages • to • of this document have the same meaning when used in the context of the Scheme. Save as otherwise provided in this Part III, any Ordinary Shares of Amati VCT held by persons who validly exercise their rights under section 111(2) of the Insolvency Act 1986 shall be disregarded for the purposes of this Part III and shall be treated as if those Ordinary Shares were not in issue.

2. Calculation of Amati VCT's total assets

Subject to the resolution contained in the notice of the First General Meeting being passed at such meeting and becoming unconditional, on the Calculation Date, or as soon as possible thereafter, the Directors of Amati VCT, in consultation with the proposed Liquidators and the Directors of Amati VCT 2, shall calculate the aggregate value of the total assets of Amati VCT and the FAV per VCT 1 Share in accordance with paragraph 3.1 below as at the Calculation Date. Historically, Amati VCT and Amati VCT 2 have used different price feeds for the valuation of the investments which are traded on AIM, NEX or are listed on the Main Market of the London Stock Exchange. However, to ensure that such investments are valued on an equal basis for the purposes of the Merger calculation, the price feed used will be that of Amati VCT 2. As a consequence, there will be a marginal difference between the published net asset value of Amati VCT as at the Calculation Date and the adjusted net asset value of Amati VCT as at the Calculation Date for the purposes of the calculation of the FAV per VCT 1 Share.

3. Calculations of value

3.1 Except as otherwise provided in the Scheme, for the purposes of calculating the value of Amati VCT's assets at any time and date at which the calculation of value is required by the Scheme, the assets and liabilities of Amati VCT shall be valued on the following basis:

- (a) investments which are traded on AIM, NEX or are listed on the Main Market of the London Stock Exchange will be valued by reference to the closing bid prices of the London Market Maker price feed on the Calculation Date. Investments which are traded on SETS (the London Stock Exchange's electronic trading service) will be valued by reference to the closing (mid) prices on the Calculation Date as this is considered to be a more accurate indication of fair value of certain larger, more liquid stocks. If the relevant exchange is not open for business at the Relevant Time, the investments will be valued as at the latest day prior to the relevant date on which the relevant stock exchange was open for business;
- (b) investments in the TB Amati UK Smaller Companies Fund will be valued at the daily price issued by the Authorised Corporate Director of the fund;
- (c) unquoted investments and quoted investments which are subject to restrictions on transferability or which, in the opinion of the Directors of Amati VCT (or a duly constituted committee thereof) are otherwise illiquid shall be valued at their fair value as determined by the Directors of Amati VCT as at the Calculation Date and based on the information available to the Directors of Amati VCT on the Calculation Date;
- (d) any sums owing from debtors (including any dividends due but not paid and any accrual of interest on debt-related securities to the extent not already taken into account under sub-paragraph 3.1(b) above) as at the Relevant Time shall be valued at their actual amount less such provision for diminution of value (including provisions for bad or doubtful debts or discount to reflect the time value of money) as may be determined by the Directors; and
- (e) liabilities shall be valued in accordance with the normal accounting policies of Amati VCT.

In this paragraph 3.1, the **Relevant Time** means the time and date at which any calculation of value is required by the Scheme to be made. The Directors of Amati VCT shall consult with the Liquidators in making determinations pursuant to this paragraph 3.1.

3.2 Notwithstanding the foregoing, the Directors of Amati VCT or a duly authorised committee thereof, may, in their absolute discretion (but in consultation with the Liquidators and the Directors of Amati VCT 2), permit an alternative method of valuation to be used if, acting in good faith, they consider that such valuation better reflects the fair value of any asset or security.

3.3 The FAV per VCT 1 Share shall be calculated by the Directors of Amati VCT and shall be the adjusted net asset value of an Ordinary Share as at the Calculation Date calculated in

accordance with paragraph 3.1 above (and otherwise in accordance with the normal accounting policies of Amati VCT) adjusted to add back the costs and expenses of the Proposals already incurred by Amati VCT prior to the Effective Date. The FAV per VCT 1 Share (expressed in pence) shall be calculated to two decimal places (with 0.005 rounded down).

- 34 The FAV per VCT 2 Share will be calculated by the Directors of Amati VCT 2 and shall be Amati VCT 2's adjusted net asset value of an Ordinary Share as at the Calculation Date adjusted to add back the costs and expenses of the Proposals already incurred by Amati VCT 2 prior to the Effective Date (and otherwise in accordance with the normal accounting policies of Amati VCT 2). Investments which are traded on AIM, NEX or are listed on the Main Market of the London Stock Exchange will be valued by reference to the closing bid prices of the London Market Maker price feed on the Calculation Date. Investments which are traded on SETS (the London Stock Exchange's electronic trading service) will be valued by reference to the closing (mid) prices on the Calculation Date as this is considered to be a more accurate indication of fair value of certain larger, more liquid stocks. Investments in the TB Amati UK Smaller Companies Fund will be valued at the daily price issued by the ACD of the fund. Unquoted investments will be valued on the basis of the Amati VCT 2's Directors' valuation as at the Calculation Date and based on the information available to the Directors of Amati VCT 2 as at the Calculation Date. The FAV per VCT 2 Share (expressed in pence) shall be calculated to two decimal places (with 0.005 rounded down).
- 35 The aggregate costs and expenses to be incurred by the Companies in connection with the Scheme are expected to be approximately £228,000 (including VAT and stamp duty). It has been agreed that all costs of implementing the Scheme (including the costs of purchasing the interests of any dissenting Shareholders) will effectively be met by the Enlarged Company following the completion of the Scheme. Should the Scheme be implemented, it is expected that the costs of the Merger will be recouped from cost savings achieved by the Enlarged Company within approximately 12 months of the Effective Date. The effect of this arrangement is that the costs of the Merger are borne by the Shareholders of the Companies in proportion to their relative contribution to the net asset value of the Enlarged Company.
- 36 None of the Directors of Amati VCT or Amati VCT 2, the Investment Manager, nor the Liquidators shall be under any liability by reason of the fact that a price reasonably believed to be the appropriate market price of any listed investment or any valuation reasonably believed to be appropriate may subsequently be found not to have been the appropriate market price or valuation, except in the case of fraud or bad faith.

4. Provision of information by the Liquidators

On the Effective Date, or as soon as practicable thereafter, the Investment Manager, on the instructions of the Liquidators, shall procure that there shall be delivered to Amati VCT 2 (or its nominee) particulars of the assets and liabilities of Amati VCT and a list certified by the Registrar of the names and addresses of, and the numbers of Ordinary Shares held by each Shareholder on the Register on the Record Date and the entitlements of such Shareholders to New Shares under the Scheme.

5. Transfer of assets and liabilities

- 51 On the Effective Date, or as soon as practicable thereafter, the Liquidators (in their personal capacity and on behalf of Amati VCT) shall enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the Liquidators shall procure the transfer of the undertaking, assets and liabilities of Amati VCT to Amati VCT 2 (or its nominee) in exchange for the issue of New Shares to holders of Ordinary Shares on the basis set out in paragraph 6.1 of this Part III.
- 52 The Transfer Agreement provides that the assets to be transferred to Amati VCT 2 shall be transferred with such rights and title as Amati VCT may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom. The Transfer Agreement further provides that the Liquidators, insofar as they are reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by Amati VCT 2 (or its nominee) in respect of the undertaking, assets and liabilities to be acquired and shall, in particular, account to Amati VCT 2 for all income, dividends, distributions, interest and other rights and benefits in respect of such assets received after the Effective Date.
- 53 For the avoidance of doubt, any investments held by Amati VCT at the Calculation Date where a dividend has been declared and the shares are marked ex-dividend but the dividend has not

been received, will for the purposes of calculation of the FAVs be treated as carrying with it the dividend declared.

6. Issue of New Shares

- 6.1 In consideration for the transfer of the undertaking, assets and liabilities of Amati VCT to Amati VCT 2 in accordance with paragraph 5 above, New Shares in Amati VCT 2 shall be issued to the holders of Ordinary Shares in Amati VCT (other than any such holders who shall have validly exercised their rights in accordance with section 111(2) of the Insolvency Act 1986) on the basis that the number of New Shares to be issued to each holder of Ordinary Shares shall be determined by the following formula and otherwise on the terms and in the manner prescribed in the Transfer Agreement:

$$A = \frac{B \times C}{D}$$

where:

A = the aggregate number of New Shares to be issued to each Shareholder holding Ordinary Shares in Amati VCT;

B = the FAV per VCT 1 Share;

C = the number of Ordinary Shares in Amati VCT held by the relevant Shareholder; and D = the FAV per VCT 2 Share,

provided that no fraction of an Amati VCT 2 Share shall be issued to such Shareholder, with the aggregate number of New Shares to be issued to any Shareholder rounded down to the nearest share, and assets representing fractional entitlements will be retained for the benefit of Amati VCT 2.

- 6.2 The New Shares to be issued pursuant to paragraph 6.1 shall be allotted, credited as fully paid, to the Liquidators (as nominee for the Shareholders entitled thereto) as soon as practicable after the delivery to Amati VCT 2 (or its nominee) of the particulars referred to in paragraph 4 above, whereupon the Liquidators shall renounce the relevant New Shares to the Shareholders entitled thereto and Amati VCT 2 shall issue such New Shares to such Shareholders. Amati VCT 2 shall:
- (a) in the case of New Shares issued in certificated form, arrange for the dispatch of certificates for such shares issued under the Scheme to the Shareholders entitled thereto at their respective addresses in the Register (and, in the case of joint holders, to the address of the first-named) or to such other person and address as may be specified by such persons in writing, in each case at the risk of the persons entitled thereto; and
 - (b) in the case of New Shares issued in uncertificated form, procure that Euroclear is instructed on the first Business Day following the Effective Date (or as soon as practicable thereafter) to credit the appropriate stock accounts in CREST of the Shareholders entitled thereto with their respective entitlements to New Shares issued under the Scheme.
- 6.3 Amati VCT 2 shall be entitled to assume that all information delivered to it in accordance with paragraph 4 above is correct and to utilise the same in procuring registration in the Amati VCT 2 register of members of the holders of the New Shares issued under the Scheme.

7. Liquidators' indemnity

In consideration for the transfer of the undertaking, assets and liabilities of Amati VCT to Amati VCT 2, Amati VCT 2 will, pursuant to the Deed of Indemnity, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of Amati VCT and the purchase for cash of any holdings of dissenting Shareholders.

8. Modifications

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

9. Reliance on information

Amati VCT, the Directors, the Liquidators, the Investment Manager and Amati VCT 2 shall be entitled to act, and rely without enquiry, on any information furnished or made available to them or any of them (as the case may be) in connection with the Scheme and the Transfer Agreement, including, for the

avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by either of the Companies, the Directors of either of the Companies (or any of them), the Investment Manager or the Registrar, auditors, bankers or other professional advisers, and no such person shall be liable or responsible for any loss suffered as a result thereof by either of the Companies or any Shareholder of either of the Companies.

10. Liquidators' liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators save for any liability arising out of any negligence, fraud, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme or the Transfer Agreement.

11. Conditions

11.1 The Scheme is conditional on:

- (a) the passing of the resolution to be proposed at the First General Meeting of Amati VCT (or any adjournment of that meeting) and on any conditions of such resolution (other than any such conditions relating to this paragraph 11.1) being satisfied and the passing of the resolution to be proposed at the Second General Meeting of Amati VCT (or any adjournment of that meeting) and on any conditions of such resolution (other than any such conditions relating to this paragraph 11.1) being satisfied; and
- (b) the passing of the first three resolutions to be proposed at the General Meeting of Amati VCT 2 (or any adjournment of that meeting) to approve the allotment of New Shares, the disapplication of pre-emption rights in relation to these New Shares, and the approval of the cancellation of the share premium account of the Enlarged Company; and
- (c) (i) the UK Listing Authority, having acknowledged to Amati VCT 2 or its agent (and such acknowledgement not having been withdrawn) that the application for the Admission of the New Shares to the Official List with a Premium Listing has been approved, and will become effective as soon as the decision to approve the securities to listing has been announced by the Financial Conduct Authority and; (ii) any listing conditions to which such approval is expressed to be subject having been satisfied and; (iii) the London Stock Exchange having acknowledged to Amati VCT 2 or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading, subject only to allotment; and
- (d) the Directors of Amati VCT not having exercised their right in accordance with paragraph 12.2 below not to proceed with the Scheme.

11.2 Subject to paragraphs 11.1 and 11.4, the Scheme shall become effective on the date on which the special resolution for the winding up of Amati VCT to be proposed at the Second General Meeting of Amati VCT (or any adjournment thereof) is passed.

11.3 If it shall become effective, the Scheme shall, subject to the rights of any Shareholders who have validly exercised their rights to dissent under section 111(2) of the Insolvency Act 1986, be binding on all Shareholders and on all persons claiming through or under them.

11.4 If the Scheme does not become effective on or before 30 June 2018, the Scheme shall never become effective.

12. General

12.1 Any instructions for the payment of dividends on Ordinary Shares of Amati VCT in force on the Effective Date and lodged with Amati VCT and/or the Registrars shall, unless and until revoked by notice in writing to the Registrars, continue to apply in respect of distributions or allocations of, or the other application of, monies under the Scheme or in respect of the issue of New Shares under the Scheme.

12.2 If, within seven days after the passing of the resolutions proposed at the First General Meeting of Amati VCT, Shareholders of Amati VCT validly exercise their rights under section 111(2) of the Insolvency Act 1986 in respect of more than 10 per cent. in nominal value of the issued Ordinary Shares of Amati VCT, the Directors of Amati VCT may, but shall not be obliged to, abandon the Scheme.

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

Part IV – Amati VCT 2

The information that is set out below is extracted from the Prospectus and other publicly available documents published by Amati VCT 2.

1. Investment policy and strategy

The investment policy and strategy of Amati VCT 2 is identical to the investment policy and strategy of Amati VCT.

The current investment policy of Amati VCT 2 is set out in Part I of the Prospectus.

2. 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 Amati VCT 2, interim and special 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. Further dividend mandate forms may be obtained from the Registrar of Amati VCT 2. Shareholders in Amati VCT who have given instructions for the electronic transfer of dividends direct to their bank accounts will have those instructions automatically transferred over in respect of any New Shares in Amati VCT 2 and only need to take action if they wish to amend those instructions.

For the avoidance of doubt, it is expected that if the Merger proceeds, Amati VCT will not declare a final dividend. All Shareholders of the Enlarged Company will be eligible for the final dividend payable by Amati VCT 2. The final dividend payable by Amati VCT 2 in respect of the financial year to 31 January 2018 will be declared at the annual general meeting on 27 June 2018.

3. Share capital

Amati VCT 2's share capital comprises ordinary shares of 5 pence each. The New Shares will rank *pari passu* with the existing ordinary shares in Amati VCT 2.

4. Cancellation of the share premium account

It is proposed by the Amati VCT 2 Directors that, subject to Amati VCT 2 Shareholder approval and approval of the High Court, Amati VCT 2 will cancel its share premium account and transfer the resulting amount to reserves, thereby creating a special reserve which shall be able to be applied in any manner in which its profits available for distribution are able to be applied (as determined in accordance with the CA 2006 and the Reduction of Share Capital Order and subject to the limitations on the returns of capital introduced by the 2014 Finance Act), including buying back shares, writing off losses and enhancing the ability to make distributions.

Legislation introduced by the 2014 Finance Act limits the ability of VCTs to return share capital to an investor that does not represent profits made on investments. This restriction applies for a three year period beginning at the end of the accounting period in which the funds were raised.

5. Share buybacks

Amati VCT 2 wishes to ensure that there is liquidity in the Ordinary Shares and 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 Amati VCT 2, therefore, intend that Amati VCT 2 buy back those Ordinary Shares which Shareholders of Amati VCT 2 wish to sell, subject to legislation governing Amati VCT 2 (including the EU Market Abuse Regulations), the market conditions at the time and to Amati VCT 2 having both funds and distributable reserves available for the purpose. Subject to legislative requirements, the Directors of Amati VCT 2 may utilise the proceeds of the Offers to fund share buybacks. Ordinary Shares which are bought back by Amati VCT 2 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 of Amati VCT 2 and the Board of Amati VCT 2 may change its 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.

6. Management fees and annual expenses

6.1. *Management fees*

The Manager is entitled to a quarterly fee equal to 0.4375% of the net asset value of Amati VCT 2 plc in arrears (i.e. 1.75% per annum). The Manager has confirmed in writing to Amati VCT and Amati VCT 2 that in order to facilitate the Merger it will waive its notice period in relation to Amati VCT and its entitlement to management fee from Amati VCT (which is similar to the management fee arrangement for Amati VCT 2) will cease on the date of the Merger. In addition, the Manager has confirmed in writing to Amati VCT 2 that it will similarly waive any entitlement to quarterly fee on the assets transferring over from Amati VCT to Amati VCT 2 under the Merger to the extent that Amati VCT has already paid a management fee on those up to the Merger date.

6.2. *Secretarial and accounting fees*

If the Scheme becomes effective it is likely that the secretarial and accounting arrangements will remain largely unchanged, with the annual fee for the Enlarged Company (linked to the movement in the RPI), subject to annual review.

6.3. *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. This will continue to be the case in respect of the Enlarged Company after the Merger.

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

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

7. Accounts and auditors

The accounting reference date of Amati VCT 2 is 31 January and annual accounts are usually dispatched in April each year with half yearly accounts for the six months period to 31 July being dispatched in October each year. The auditors of Amati VCT 2 are BDO LLP (formerly PKF (UK) LLP).

8. Publication of NAV

The most recent unaudited NAV and share price of an Amati VCT 2 Share are available free on the website of the London Stock Exchange.

9. Addition to management team

On 17 January 2018, the Manager announced that Anna Wilson (previously Anna Croze) had joined the investment team at the Manager of Paul Jourdan, David Stevenson and Douglas Lawson across all products: the TB Amati UK Smaller Companies Fund, Amati VCT plc, Amati VCT 2 plc and the Amati AIM IHT Portfolio Service. Douglas Lawson will move to a part-time role at Amati.

Anna joins from Adam & Company, where she led research for the PAM-award winning wealth manager. She brings her expertise running the successful AIM-listed portfolio service to the Manager as well as a breadth of experience in managing substantial OEICs, private client and charity portfolios. She co-managed the Adam Worldwide Fund and the Stewart Ivory Investment Markets Fund which won three Lipper Awards under her stewardship.

Previously Anna worked for Threadneedle Investments and led research into East African Financial Markets from Old Mutual Asset Management in Nairobi. She spent six years at the start of her career as a fund manager for Henderson Global Investors in London co-running Enhanced Index Funds and the UK Equity Market Neutral Fund, as well as being a media sector analyst.

Part V – Taxation

The following paragraphs apply to Amati VCT and Amati VCT 2 and to such persons holding Ordinary Shares as an investment in either Company who are the absolute beneficial owners of such Ordinary Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice and is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

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

1. Receipt by Shareholders of New Shares

The receipt by Shareholders of New Shares under the Scheme will allow Shareholders to retain any upfront VCT income tax relief they obtained on subscription for their original Ordinary Shares in Amati VCT (provided they retain their New Shares until at least five years after their original Ordinary Shares in Amati VCT were issued).

The effective exchange of existing Ordinary Shares in Amati VCT for New Shares will not constitute a disposal of the existing Ordinary Shares for the purposes of UK taxation. Instead, the new holdings of New Shares will be treated as having been acquired at the same time and at the same cost as the existing Ordinary Shares in Amati VCT from which they are derived.

For Shareholders holding (together with their associates) more than 5.0 per cent. of the Ordinary Shares in Amati VCT, clearance has been obtained from HMRC in terms of section 138 of TCGA that the treatment described above for persons who (together with their associates) own less than 5.0 per cent. of the Ordinary Shares in Amati VCT should also apply to them.

Shareholders in Amati VCT 2, as a VCT, will be afforded the usual reliefs available to shareholders in VCTs. Shareholders should receive dividends paid tax free and will not be subject to UK taxation on any capital gains on the disposal of shares in Amati VCT 2.

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

2. Dissenting Shareholders

Dissenting Shareholders whose holdings are purchased for cash shall be treated as having disposed of their existing Ordinary Shares in Amati VCT (but of course the Merger will only proceed and the dissenting Shareholders be forced sellers if the Merger is approved by special resolutions of the shareholders of both Companies). As Amati VCT will still be able to claim the benefit of VCT status whilst in liquidation, the dissenting Shareholder will not be subject to any UK taxation in respect of any capital gains arising from the disposal. However, the purchase will constitute a disposal of the existing holding in Amati VCT. Depending upon the length of time that they have held their Ordinary Shares dissenting Shareholders may, in these circumstances, be deemed to have disposed of Ordinary Shares within the holding period required to retain upfront tax relief and income tax relief on those subscriptions may also be repayable. For the avoidance of doubt, the advice given and the clearance granted by HMRC in respect of the Proposals and the Scheme do not apply to Shareholders who have exercised their statutory right to opt out of the Merger. See Part I, section 13.

3. Clearances

Clearance has been sought and has been received from HMRC in respect of the Scheme under section 701 of the Income Tax Act 2007 and has been received in relation to section 138 of TCGA. With regard to the former, the receipt of New Shares would not, except in the case of dealers, fall to be regarded as an income receipt for the purposes of UK taxation.

Clearance has been sought and received from HMRC that the receipt by Shareholders of New Shares under the Scheme would not prejudice tax reliefs obtained by Shareholders on existing Ordinary Shares in Amati VCT and would not be regarded as a disposal.

Part VI – General information on Amati VCT and Amati VCT 2

SECTION A: AMATI VCT

1. Share capital

- 1.1 As at the date of this document, the issued share capital of Amati VCT is as follows:

| | Number | Issued and fully paid |
|------------------------|------------|-----------------------|
| Ordinary Shares of 10p | 63,915,399 | £6,391,539.90 |

- 1.2 No share or loan capital of Amati VCT is under option or has been agreed, conditionally or unconditionally, to be put under option.

2. Disclosure of interests

- 2.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

Peter Lawrence

Julia Henderson

Charles Pinney

Brian Scouler

all of 110 George Street, Edinburgh, EH2 4LH.

- 2.2 As at 9 March 2018, the interests of the Directors, or their immediate families, in the share capital of Amati VCT (all of which were beneficial unless otherwise stated):

- (a) which had been or will be required to be notified to Amati VCT pursuant to the Disclosure Guidance and Transparency Rules; or
- (b) being interests of a person connected (within the meaning of the Disclosure Guidance and Transparency Rules) with a Director which would, if such connected person were a Director, be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director, were as follows:

| | No. of Ordinary Shares | Percentage of voting rights |
|---------------------------|------------------------|-----------------------------|
| <i>Director</i> | | |
| Peter Lawrence (Chairman) | 873,500 | 1.37% |
| Julia Henderson | 11,683 | 0.02% |
| Charles Pinney | 53,719 | 0.08% |
| Brian Scouler | 63,811 | 0.10% |

- 2.3 On the basis of their current holdings in Amati VCT and Amati VCT 2, if the Merger occurred on 28 February 2018, the holdings of the Directors (including their immediate families) in the share capital of the Enlarged Company would have been as follows:

| | No. of Ordinary Shares | Percentage of voting rights |
|---------------------------|---------------------------|--------------------------------|
| <i>Director</i> | | |
| Peter Lawrence (Chairman) | 623,452 | 0.83% |
| Julia Henderson | 7,023 | 0.01% |
| Charles Pinney | 32,291 | 0.04% |
| Brian Scouler | 38,358 | 0.05% |

- 2.4 There are no service agreements in existence between Amati VCT and any of the Directors, nor are any such agreements proposed.
- 2.5 The total emoluments receivable by the Directors will not be varied in consequence of the Proposals other than that the Amati VCT directors will stop being paid by Amati VCT once Amati VCT is placed into liquidation. It is anticipated that Julia Henderson, Peter Lawrence and Brian Scouler (each of whom is an Amati VCT Director) will be appointed to the Board of Amati VCT 2 and join Susannah Nicklin and Mike Killingley (each of whom is an Amati VCT 2 Director). It is anticipated that Charles Pinney will retire as a Director of Amati VCT and Julian Avery will retire as a Director of Amati VCT 2.
- 2.6 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of Amati VCT and which was effected by Amati VCT in the financial period ended 28 February 2017 or in the current financial year.
- 2.7 Other than Hargreaves Lansdown (Nominees) Limited holding 3,724,905 Ordinary Shares at the date of this document (representing 5.83% of the issued share capital of Amati VCT), and in so far as is known to Amati VCT as at the close of business on 8 March 2018 (the latest practicable date prior to the publication of this document), there is no party who is interested, directly or indirectly in 3.0 per cent. or more of the issued share capital of Amati VCT. Amati VCT is not aware, as at the close of business on 8 March 2018 (the latest practicable date prior to the publication of this document), of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over Amati VCT or any arrangement, the operation of which may at a subsequent date result in a change of control of Amati VCT.

3. 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:

- 3.1 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

- 3.2 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
- 3.3 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
- 3.4 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"
- 3.5 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
- 3.6 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 therefor 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
- 3.7 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 Amati VCT on or after March 2014 is waived
- 3.8 a letter from the Manager to Amati VCT dated 9 March 2018 confirming that it would waive any entitlement to management fee with effect from the effective date of the Merger conditional only on the Merger occurring
- 3.9 a Sponsor Agreement dated 18 August 2017 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, 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
- 3.10 an undertaking to enter into a transfer agreement in relation to the transfer of the business and undertaking of Amati VCT to Amati VCT 2 on the terms set out in Part III of this document
- 3.11 a deed of indemnity to be given by Amati VCT 2 to the Liquidators of Amati VCT in connection with the operation of the Scheme.

4. General

- 4.1 Since 28 February 2017 (the date to which the latest published accounts of Amati VCT were prepared) there has been no significant change in the financial or trading position of Amati VCT.
- 4.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past (covering the 12 months preceding the date of this document), significant effects on the financial position or profitability of Amati VCT.

- 4.3 The Liquidators have given and not withdrawn their written consent to the issue of this document and the inclusion of their names and the references to them in the form and context in which they appear.

5. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of Amati Global Investors, 18 Charlotte Square, Edinburgh, EH2 4DF:

- 5.1 the Articles of Amati VCT;
- 5.2 the Prospectus published by the Companies and the Supplementary Prospectus published by the Companies on 9 March 2018 and the documents (other than this document) referred to in the Prospectus as being available for inspection; and
- 5.3 this document.

9 March 2018

SECTION B: AMATI VCT 2

1. Share capital

- 1.1 As at the date of this document, the issued share capital of Amati VCT 2 is as follows:

| | Number | Issued and fully paid |
|----------------------------|------------|-----------------------|
| Ordinary Shares of 5p each | 36,149,512 | £1,807,475.60 |

- 1.2 No share or loan capital of Amati VCT 2 is under option or has been agreed, conditionally or unconditionally, to be put under option.

2. Disclosure of interests

- 2.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

Julian Avery (Chairman)
Mike Killingley
Susannah Nicklin

all of 27-28 Eastcastle Street, London, W1W 8DH.

- 2.2 Each of the Directors of Amati VCT 2 has entered into a letter of appointment with Amati VCT 2 for the provision of his or her services as director. 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. 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. No amounts have been put aside to provide pensions, retirement or similar benefits to any Director.

- 2.3 As at 9 March 2018, the interests of the Directors, or their immediate families, in the share capital of the Company (all of which were beneficial unless otherwise stated):

- (a) which had been or will be required to be notified to Amati VCT 2 pursuant to the Disclosure and Transparency Rules; or
- (b) being interests of a person connected (within the meaning of the Disclosure and Transparency Rules) with a Director which would, if such connected person were a Director, be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director, were as follows:

| | No. of Ordinary Shares | Percentage of voting rights |
|-------------------------|---------------------------|--------------------------------|
| <i>Director</i> | | |
| Julian Avery (Chairman) | 102,800 | 0.28% |
| Mike Killingley | 52,697 | 0.15% |
| Susannah Nicklin | 5,897 | 0.02% |

- 2.4 There are no service agreements in existence between Amati VCT 2 and any of the Directors, nor are any such agreements proposed.
- 2.5 It is currently proposed that there will be additional directors appointed to the board of Amati VCT 2 (see Section 5 of Part I of this document). In summary, it is proposed that Julia Henderson, Peter Lawrence and Brian Scouler (each of whom is an Amati VCT Director) will be appointed to the Board of Amati VCT 2 and join Susannah Nicklin and Mike Killingley (each of whom is an Amati VCT 2 Director). It is anticipated that Charles Pinney will retire as a Director of Amati VCT and Julian Avery will retire as a Director of Amati VCT 2.

- 2.6 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of Amati VCT 2 and which was effected by Amati VCT 2 in the financial period ended 28 February 2017 or in the current financial year.
- 2.7 Other than Hargreaves Lansdown (Nominees) Limited holding 1,364,681 Ordinary Shares at the date of this document (representing 3.43% of the issued share capital of Amati VCT 2), and in so far as is known to Amati VCT 2 as at the close of business on 8 March 2018 (the latest practicable date prior to publication of this document), there is no party who is interested, directly or indirectly, in 3.0 per cent. or more of the issued share capital of Amati VCT 2. Amati VCT 2 is not aware as at the close of business on 8 March 2018 (the latest practicable date prior to publication of this document), of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over Amati VCT 2 or any arrangement, the operation of which may at a subsequent date result in a change of control of Amati VCT 2.

3. 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:

- 3.1 each of the Directors has entered into a letter of appointment on the terms described in paragraph 2.2 above
- 3.2 an investment management and administration agreement (the "IMA") dated 9 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 Amati VCT 2 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. The MA 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 2's investment portfolio, unless he is replaced with another person or persons acceptable to the Board, in its sole discretion. 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
- 3.3 a deed of variation to the IMA dated 28 September 2011 between Amati VCT 2 and the Manager providing that the Manager will cap the annual running costs of the Company at 3.5% of the net assets of Amati VCT 2, 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 Amati VCT 2 in the ordinary course of its business (but excluding any commissions paid by Amati VCT 2 in relation to any offers for subscription, irrecoverable VAT and exceptional costs, including winding-up costs)
- 3.4 a deed of variation to the IMA dated 20 March 2014 between Amati VCT 2 and the Manager providing that any Performance Fee due in respect of any performance period of Amati VCT 2 on or after 1 August 2014 is waived
- 3.5 a letter from the Manager to Amati VCT 2 dated 9 March 2018 confirming that, following the Merger, (i) the Manager's fee in respect of the quarter in which the Merger occurred (when there would be a significant increase in the NAV between the start and the end of the quarter) would be reduced by an amount of the management fee already paid by Amati VCT on the assets to transfer under the Merger up to the date of the Merger (so that in effect the fee payable by Amati VCT 2 increases only with effect from the date of the Merger and not in respect of that entire quarter) and (ii) the Manager would undertake to continue to cap the annual running costs of the Enlarged Company at 3.5% of the net assets of Amati VCT 2, with any excess being met by the Manager by way of a reduction in future management fees

- 3.6 a Sponsor Agreement dated 18 August 2017 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
- 3.7 an undertaking to enter into a transfer agreement in relation to the transfer of the business and undertaking of Amati VCT to Amati VCT 2 on the terms set out in Part III of this document
- 3.8 a deed of indemnity to be given by Amati VCT 2 to the Liquidators of Amati VCT in connection with the operation of the Scheme.

4. General

- 4.1 Since 31 January 2017 (the date to which the latest published accounts of Amati VCT 2 were prepared) there has been no significant change in the financial or trading position of Amati VCT 2.
- 4.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Amati VCT 2 is aware) which may have, or have had in the recent past (covering the 12 months preceding the date of this document), significant effects on the financial position or profitability of Amati VCT 2.
- 4.3 The Liquidators have given and not withdrawn their written consent to the issue of this document and the inclusion of their names and the references to them in the form and context in which they appear.

5. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of Amati Global Investors, 18 Charlotte Square, Edinburgh, EH2 4DF:

- 5.1 the Articles of Amati VCT 2;
- 5.2 the Prospectus published by the Companies on 27 October 2017 and the Supplementary Prospectus published by the Companies on 9 March 2018 and the documents (other than this document) referred to in the Prospectus as being available for inspection; and
- 5.3 this document.

9 March 2018

Definitions

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

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| 2014 Finance Act | the Finance Act 2014 |
| Admission | the admission of the New Shares to be issued under the Proposals to the Official List with a Premium Listing and to trading on the Main Market |
| AGI | Amati Global Investors |
| AIM | the Alternative Investment Market operated by the London Stock Exchange |
| Amati Global Investors | Amati Global Investors Limited, a limited liability company registered in Scotland with registered number SC199908 |
| Amati VCTs | Amati VCT plc and Amati VCT 2 plc |
| Amati VCT 2 Board or Amati VCT 2 Directors | the directors of Amati VCT 2 or any duly constituted committee thereof |
| Amati VCT 2 Investment Management Agreement | the agreement dated 18 March 2010, as more fully described at paragraph 3.2 et seq., Section B of Part VI of this document between Amati VCT 2 and the Investment Manager pursuant to which the Investment Manager manages Amati VCT 2's investments |
| Amati VCT 2 or VCT 2 | Amati VCT 2 plc, a company registered in England and Wales with registered number 04138683 |
| Amati VCT 2 Shareholder | for the purposes of the Scheme an Amati VCT 2 Shareholder is a registered holder of shares in Amati VCT 2 |
| Amati VCT Board or Amati VCT Directors | the directors of Amati VCT or any duly constituted committee thereof |
| Amati VCT Investment Management Agreement | the agreement dated 7 February 2005, as more fully described at paragraph 3.1 et seq., Section A of Part VI of this document between Amati VCT and the Investment Manager pursuant to which the Investment Manager manages Amati VCT's investments |
| Amati VCT or VCT 1 | Amati VCT plc, a company incorporated in Scotland with registered number SC278722 |
| Articles | the articles of association of either Company in force from time to time |
| Board or Directors | the directors of either Company or both Companies as appropriate or any duly constituted committee thereof |
| Business Day | any day on which banks are open for business in London (excluding Saturdays and Sundays) |
| CA 2006 | the Companies Act 2006 (as amended) |
| Calculation Date | the time and date, to be determined by the Directors but expected to be 5.00 p.m. on 3 May 2018 (unless the First General Meeting is adjourned), at which the FAV per VCT 1 Share and the FAV per VCT 2 Share will be calculated for the purposes of the Scheme |
| certificated or in certificated form | a share which is not in uncertificated form |
| Company or Companies | Amati VCT plc and Amati VCT 2 plc and "Company" shall mean either of them |

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| 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 Merger |
| CREST | the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) |
| CREST Manual | the CREST Reference Manual issued by Euroclear (as amended from time to time) |
| CREST Regulations | the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended) |
| Deed of Indemnity | deed of indemnity as more fully described at paragraph 7 of Part III of this document between Amati VCT, the Liquidators and Amati VCT 2 |
| Disclosure Guidance and Transparency Rules | the Disclosure Guidance and Transparency Rules of the FCA |
| Effective Date | the date of the passing of the resolution to be proposed at the Second General Meeting of Amati VCT or, if later, on all conditions of such resolution being satisfied (which is expected to be 4 May 2018) |
| Enlarged Company | Amati VCT 2 following completion of the Merger |
| EU | the European Union |
| Euroclear | Euroclear UK & Ireland Limited |
| European Commission | The European Commission of the European Union |
| Existing Ordinary Shares | means in respect of Amati VCT the existing Ordinary Shares of £0.10 each and in respect of Amati VCT 2 the existing Ordinary Shares of £0.05 each |
| Existing Shareholders | for the purposes of the Scheme an Existing Shareholder is a registered holder of Ordinary Shares in either of the Companies prior to the Scheme becoming effective |
| FAVs | together the FAV per VCT 1 Share and the FAV per VCT 2 Share |
| FAV per VCT 1 Share | the formula asset value of an ordinary share in Amati VCT, being the adjusted net asset value of an ordinary share, calculated as at the Calculation Date and using Amati VCT's accounting policies, except in respect of the valuation of the underlying investments in the VCT, which will be valued as per Amati VCT 2's policy for the valuation of investments for the purposes of the Merger |
| FAV per VCT 2 Share | the formula asset value of an ordinary share in Amati VCT 2, being the adjusted net asset value of an Ordinary Share, calculated as at the Calculation Date and using Amati VCT 2's accounting policies |
| FCA | the Financial Conduct Authority |
| First General Meeting | the general meeting of Amati VCT convened on 26 April 2018 or any adjournment thereof |
| FSMA | the Financial Services and Markets Act 2000 (as amended) |
| Fund Manager | Amati Global Investors |
| General Meeting or General Meeting of Amati VCT 2 | the general meeting of Amati VCT 2 convened on 26 April 2018, or any adjournment thereof |
| General Meetings | together the First General Meeting, the Second General Meeting and the General Meeting |

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| HMRC | HM Revenue & Customs |
| ITA | Income Tax Act 2007 (as amended) |
| Liquidators | Keith Marshall and Gareth Harris of RSM Restructuring Advisory LLP, Fifth Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL |
| Listing Rules | The Listing Rules made by the FCA under Part IV of FSMA, as amended |
| London Market Maker | means a registered market maker registered with the London Stock Exchange. |
| London Stock Exchange | the exchange operated by London Stock Exchange plc |
| Main Market | the London Stock Exchange's main market for listed securities |
| Manager | Amati Global Investors |
| Merger | the merger between the two Amati VCTs described in more detail in Part III and in the Joint Letter from the Chairman of Amati VCT and Amati VCT 2 in Part I |
| Merger Resolutions | the resolutions to be proposed at the First General Meeting and Second General Meeting of Amati VCT and the first three resolutions to be proposed at the General Meeting of Amati VCT 2 |
| NAV or Net Asset Value | in relation to a share, its net asset value on the relevant date calculated on the basis of the relevant company's normal accounting principles and policies |
| New Ordinary Shares or New Shares | the Ordinary Shares in Amati VCT 2 to be issued pursuant to the Scheme and Offer |
| NEX | the NEX Exchange (formerly known as ISDX, (ICAP Securities and Derivatives Exchange)) |
| Offer or Offer for Subscription | the offer for subscription of New Shares as described in the Prospectus |
| Official List | the Official List of the UK Listing Authority |
| Ordinary Shares | means in respect of Amati VCT the existing Ordinary Shares of £0.10 each and in respect of Amati VCT 2 the existing Ordinary Shares of £0.05 each |
| Overseas Shareholders | Shareholders who have a registered address outside or who are resident in, or citizens, residents or nationals of, jurisdictions outside the United Kingdom |
| Premium Listing | a listing on the premium segment of the Official List |
| Proposals or Merger | the proposals for the voluntary winding up and reconstruction of Amati VCT and merger with Amati VCT 2 (including the Scheme) described in this document |
| Prospectus | the joint prospectus published by Amati VCT and Amati VCT 2 on 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 or 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 |

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| Record Date | 6.00 p.m. on 3 May 2018, being the record date for determining which Shareholders are entitled to participate in the Scheme |
| Reduction of Share Capital Order | The Companies (Reduction of Share Capital) Order 2008 |
| Register | the register of members of each Company |
| Registrar or Share Registrars | Share Registrars Limited |
| Regulatory Information Service | any of the services authorised from time to time by the FCA for the purposes of disseminating regulatory announcements |
| Relevant Time | the relevant time for the calculations of value as defined in paragraph 3.1 of Part III of this document |
| Resolutions | the resolutions set out in the notices of the General Meetings |
| Risk Finance Guidelines | European Commission communications C(2014) 34/2-Guidelines on State aid to promote risk finance investments |
| Risk Finance State Aid | internal market State aid designed to facilitate the development of certain economic activities which the European Commission considers to be compatible with Article 107(3)(c) of the Treaty on the Functioning of the European Union |
| RPI | the UK Retail Price Index |
| Scheme | the scheme under section 110 of the Insolvency Act 1986 set out in Part III of this document |
| Second General Meeting | the general meeting of Amati VCT convened for 4 May 2018, or any adjournment thereof |
| Shareholders | holders of Ordinary Shares in either or both of the Companies (as relevant) |
| Subscription Form(s) | the subscription form(s) for use in respect of the Offers, set out at the end of the Prospectus or as updated from time to time |
| Supplementary Prospectus | the supplementary prospectus published by Amati VCT and Amati VCT 2 on 9 March 2018 |
| Tax Act | the Income Tax Act 2007 (as amended) |
| TCGA | the Taxation of Chargeable Gains Act 1992 |
| Transfer Agreement | the agreement to be entered into on or about the Effective Date between the Liquidators (in their personal capacity and on behalf of Amati VCT) and Amati VCT 2, the terms of which are summarised in paragraph 5.2 of Part III of this document |
| UK Listing Authority | the Financial Conduct Authority acting in its capacity as the UK Listing Authority pursuant to Part VI of FSMA |
| UK or United Kingdom | the United Kingdom of Great Britain and Northern Ireland |
| uncertificated or in uncertificated form | recorded in the register of members of Amati VCT or Amati VCT 2 (as appropriate) as being held in uncertificated form in CREST and title to which may be transferred by means of CREST |
| VAT | value added tax |
| VCT or Venture Capital Trust | a venture capital trust as defined in section 259 of the Tax Act |

Amati VCT plc (the “Company”)

(Incorporated in Scotland with registered no. SC278722)

Notice of First General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Mattioli Woods plc, Third Floor, 87/89 Baker Street, London W1U 6RJ (the entrance is on Crawford Street) on 26 April 2018 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution, namely:

Special Resolution

THAT:

- (A) subject to the fulfilment (or, to the extent permitted, earlier waiver) of the conditions set out in section 11 of the Scheme contained in Part III of the circular to the shareholders of the Company dated 9 March 2018, a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof (the “**Circular**”):
 - (i) notwithstanding anything to the contrary in the Company’s articles of association (the “**Articles**”), the Proposals be and are hereby approved and the Directors of the Company and the liquidators of the Company, when appointed, (the “**Liquidators**”) be and are hereby authorised to implement the Proposals and to execute any document and do any thing for the purpose of carrying the Proposals into effect;
 - (ii) in particular and without prejudice to the generality of sub-paragraph (A)(i) above, the Liquidators, when appointed, be and are hereby authorised and directed, pursuant to section 110 of the Insolvency Act 1986 and/or this resolution and/or the Articles as amended by this resolution:
 - (a) to enter into and give effect to the Transfer Agreement (in their personal capacity and on behalf of the Company) (in the form of the draft produced to the meeting and signed for the purpose of identification by the Chairman thereof) with such non-material amendments thereto as the Directors and the parties to such agreement may agree;
 - (b) to procure that the assets and liabilities of the Company be vested in Amati VCT 2 plc (or its nominees) on and subject to the terms of the Transfer Agreement;
 - (c) to purchase the interests of any members of the Company who shall have validly exercised their rights under section 111(2) of the Insolvency Act 1986 out of the indemnity to be given by Amati VCT 2 plc (as set out in the Scheme); and
 - (d) the Liquidators be and are hereby authorised and directed to request Amati VCT 2 plc to allot and issue new ordinary shares in the capital of Amati VCT 2 plc, credited as fully paid, on the basis described in the Transfer Agreement for distribution among the holders of the Shares entitled thereto under the Scheme (or to the Liquidators as nominee on their behalf) by way of satisfaction and discharge of their respective interests in so much of the undertaking, assets and liabilities of the Company shall be transferred to Amati VCT 2 plc in accordance with the Transfer Agreement and with the Scheme;
- (B) this resolution shall operate by way of such amendments to the Articles as may be necessary to give effect hereto; and
- (C) terms defined in the Circular shall have the same meanings in this resolution, save where the context otherwise requires.

Dated 9 March 2018

Registered office:
110 George Street
Edinburgh
EH2 4LH

By Order of the Board

Company Secretary

Notes:

- (i) A member entitled to attend and vote at the general meeting convened by the above notice of general meeting (the **"General Meeting"**) is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the General Meeting, each proxy must be appointed to exercise the rights attached to a different share held by the member.
- (ii) To appoint a proxy you may use the form of proxy enclosed with this notice of General Meeting. To be valid, the form of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR **as soon as possible but in any event so as to be received by not later than 3.00 p.m. on 24 April 2018**. Amended instructions must also be received by Share Registrars by the deadline for receipt of forms of proxy.
- (iii) Completion of the form of proxy will not prevent you from attending and voting in person.
- (iv) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a **"Nominated Person"**) should note that the provisions in notes (i) to (ii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the General Meeting.
- (v) Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days (excluding non-working days) prior to the time fixed for the General Meeting shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is 6.00 p.m. two days (excluding non-working days) prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by Share Registrars not later than 48 hours (excluding non-working days) before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Please see below at paragraph (x) for an alternative method of electronic submission of proxies.
- (ix) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Share Registrars (ID number 7RA36) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Share Registrars is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (x) Alternatively, you may register your votes electronically by visiting the website of the Company's registrar. You will need to register in order to be able to use this service. To register, please visit www.shareregistrars.uk.com and click on 'Register' under the title 'Account Log In'. If you have already registered, log in and click on 'My Meeting Votes'.
- (xi) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

- (xii) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3.0 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xiii) Any questions relevant to the business of the General Meeting may be asked at the General Meeting by anyone permitted to speak at the General Meeting. A Shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xiv) At 8 March 2018 (the business day before the printing of this Notice), the Company's issued capital consisted of 63,915,399 Ordinary Shares carrying one vote each of which no Ordinary Shares are held in treasury. Therefore, the total voting rights in the Company at 8 March 2018 comprised 63,915,399 votes. Further information regarding the General Meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the General Meeting (including this Notice) can be accessed at www.amatiglobal.com.
- (xv) In accordance with section 311A of the Companies Act 2006, the contents of this notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.amatiglobal.com.
- (xvi) You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Amati VCT plc (the “Company”)

(Incorporated in England and Wales with registered no. 04313537)

Notice of Second General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Rooney Nimmo, 8 Walker Street, Edinburgh EH3 7LA on 4 May 2018 at 11.00 a.m. to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution, namely:

Special Resolution

THAT:

- (A) subject to the fulfilment of the conditions (other than the passing of this resolution) set out in section 11 of the Scheme contained in Part III of the circular to the shareholders of the Company dated 9 March 2018, a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof (the “**Circular**”):
- (i) the Company be wound up voluntarily under the provisions of the Insolvency Act 1986 and Keith Marshall and Gareth Harris of RSM Restructuring Advisory LLP, Fifth Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL (the “**Liquidators**”) are hereby appointed as liquidators of the Company for the purposes of such winding up with power to act for the purpose of winding up the affairs and distributing the assets of the Company in accordance with the Scheme under the provisions of the Insolvency Act 1986, and any power conferred on them by law or this resolution and any act required or authorised under any enactment to be done jointly or by each of them alone;
 - (ii) the remuneration (plus VAT) of the Liquidators be fixed by reference to the time properly spent by them and their staff in attending to matters arising prior to or during the winding up of the Company (including, without limitation, the implementation of the Scheme and any matters outside the statutory duties of the Liquidators and undertaken at the request of the members or a majority of them) and the Liquidators be and are hereby authorised to draw such remuneration monthly or at such longer intervals as they may determine and to pay any expenses properly incurred by them to give effect to the Scheme;
 - (iii) the Company’s books and records be held by the investment manager of Amati VCT 2 plc to the order of the Liquidators until the expiry of 12 months after the date of dissolution of the Company, when they may be disposed of, save for financial and trading records which shall be kept for a minimum of six years following the vacation of the Liquidators from office;
 - (iv) the Liquidators be empowered and directed to carry into effect the provisions of the Articles; and
 - (v) the Liquidators be and are hereby authorised pursuant to section 165 of the Insolvency Act 1986 to exercise the powers set out in Part 1 of Schedule 4 to that Act and to divide among the members in specie the whole or any part of the assets of the Company; and
- (B) Terms defined in the Circular have the same meanings in this resolution, save where the context otherwise requires.

Dated 9 March 2018

Registered office:
110 George Street
Edinburgh
EH2 4LH

By Order of the Board

Company Secretary

Notes:

- (i) A member entitled to attend and vote at the general meeting convened by the above notice of general meeting (the “**General Meeting**”) is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the General Meeting, each proxy must be appointed to exercise the rights attached to a different share held by the member.
- (ii) To appoint a proxy you may use the form of proxy enclosed with this notice of General Meeting. To be valid, the form of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR **as soon as possible but in any event by so as to be received by not later than 11.00 a.m. on 2 May 2018**. Amended instructions must also be received by Share Registrars by the deadline for receipt of forms of proxy.
- (iii) Completion of the form of proxy will not prevent you from attending and voting in person.
- (iv) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a “**Nominated Person**”) should note that the provisions in notes (i) to (ii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the General Meeting.
- (v) Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person’s personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days (excluding non-working days) prior to the time fixed for the General Meeting shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is 6.00 p.m. two days (excluding non-working days) prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by Share Registrars not later than 48 hours (excluding non-working days) before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Please see below at paragraph (x) for an alternative method of electronic submission of proxies.
- (ix) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Share Registrars (ID number 7RA36) not later than 48 hours (excluding non- working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (x) Alternatively, you may register your votes electronically by visiting the website of the Company's registrar. You will need to register in order to be able to use this service. To register, please visit www.shareregistrars.uk.com and click on 'Register' under the title 'Account Log In'. If you have already registered, log in and click on 'My Meeting Votes'.
- (xi) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- (xii) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3.0 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xiii) Any questions relevant to the business of the General Meeting may be asked at the General Meeting by anyone permitted to speak at the General Meeting. A Shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xiv) At 8 March 2018 (the business day before the printing of this Notice), the Company's issued capital consisted of 63,915,399 Ordinary Shares carrying one vote each of which no Ordinary Shares are held in treasury. Therefore, the total voting rights in the Company at 8 March 2018 comprised 63,915,399 votes. Further information regarding the General Meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the General Meeting (including this Notice) can be accessed at www.amatiglobal.com.
- (xv) In accordance with section 311A of the Companies Act 2006, the contents of this notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.amatiglobal.com.
- (xvi) You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Amati VCT 2 plc

(Incorporated in England and Wales with registered no. 04138683)

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Mattioli Woods plc, Third Floor, 87/89 Baker Street, London W1U 6RJ (the entrance is on Crawford Street) on 26 April 2018 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions, namely:

Special Resolutions

1. Authority to allot Ordinary Shares in connection with the Scheme

THAT, subject to and conditional upon the scheme for the reconstruction and winding up of Amati VCT plc (as described in the circular to shareholders of the Company (the “**Circular**”) dated 9 March 2018 of which this notice forms part) (the “**Scheme**”) becoming unconditional in all respects (other than as regards any condition relating to the passing of this resolution) and in addition to any existing authority, the directors of the Company (the “**Directors**”) be and are hereby unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot ordinary shares in the Company (the “**Ordinary Shares**”) and to grant rights to subscribe for or to convert any security into shares in the Company, such authority being limited to the allotment of (or the grant of rights to subscribe for or to convert any security into) Ordinary Shares with an aggregate nominal value of up to £2,750,000 for the purposes of the Scheme, such authority to expire on 30 June 2018 and to be without prejudice to any other allotment authority otherwise granted or exercised.

2. Authority for the disapplication of pre-emption rights

THAT, subject to and conditional upon the Scheme becoming unconditional in all respects and in addition to any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) wholly for cash, pursuant to the authority referred to in resolution 1 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, such power to expire (unless previously revoked, varied, renewed or extended by the Company in general meeting) on the expiry of 15 months from the passing of this resolution save that the Company may at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require shares to be allotted after the expiry of such power and the Directors are authorised to allot equity securities in pursuance of such an offer or agreement as if such power had not expired.

3. Cancellation of the share premium account

THAT, subject to the confirmation of the High Court (the “**Court**”) and subject also to any undertaking required by the Court:

- (i) the share capital of the Company be reduced by cancelling the Company’s entire share premium account as at the date of the final hearing before the Court at which confirmation of the said cancellation is sought; which shall include any share premium arising as a result of the issue of Ordinary Shares pursuant to the Offers or the Merger (both as defined in the Circular) or otherwise; and
- (ii) the credit thereby arising in the Company’s books of account from the cancellation of the Company’s share premium account pursuant to paragraph (i) of this resolution be applied in crediting a distributable reserve (to be designated the “**Distributable Capital Reserve**”) to be established in the Company’s books of account which shall be able to be applied in any manner in which the Company’s profits available for distribution (as determined in accordance with the Companies Act 2006 and The Companies (Reduction of Share Capital) Order 2008) are able to be applied, including buying back shares, writing off losses and enhancing the ability to make distributions.

4. **Change of Name**

THAT the registered name of the Company be changed to Amati AIM VCT.

5. **Amendment to Articles of Association**

THAT the existing articles of association of the Company be amended by deleting article 103 and replacing it with the following new article 103:

“The Directors of the Company (other than alternate Directors) shall be paid such remuneration (by way of fee) for their services as may be determined by the Board save that unless otherwise approved by ordinary resolution of the Company in general meeting the aggregate of the remuneration (by way of fee) of all of the Directors shall not exceed £120,000 per annum. Such remuneration shall be deemed to accrue from day to day, shall be divided between the Directors as they shall agree, or, failing agreement, equally and shall be distinct from and additional to any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of these Articles. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses of travelling to and from Board meetings, committee meetings, general meetings or otherwise incurred while engaged on the business of the Company.”

Dated 9 March 2018

Registered office:
27-28 Eastcastle Street
London
W1W 8DH

By Order of the Board

Company Secretary

Notes:

- (i) A member entitled to attend and vote at the general meeting convened by the above notice of general meeting (the “**General Meeting**”) is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the General Meeting, each proxy must be appointed to exercise the rights attached to a different share held by the member.
- (ii) 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.
- (iii) Revocation of the Offers cannot occur after New Ordinary Shares have been allotted.
- (iv) To appoint a proxy you may use the form of proxy enclosed with this notice of General Meeting. To be valid, the form of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR **as soon as possible but in any event so as to be received by not later than 2.30 p.m. on 24 April 2018**. Amended instructions must also be received by Share Registrars by the deadline for receipt of forms of proxy.
- (v) Completion of the form of proxy will not prevent you from attending and voting in person.
- (vi) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a “**Nominated Person**”) should note that the provisions in notes (i) to (ii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the General Meeting.
- (vii) Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person’s personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

- (viii) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days (excluding non-working days) prior to the time fixed for the General Meeting shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is 6.00 p.m. two days (excluding non-working days) prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

- (ix) Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by Share Registrars not later than 48 hours (excluding non-working days) before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Please see below at paragraph (x) for an alternative method of electronic submission of proxies.
- (x) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Share Registrars (ID number 7RA36) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (xi) Alternatively, you may register your votes electronically by visiting the website of the Company's registrar. You will need to register in order to be able to use this service. To register, please visit www.shareregistrars.uk.com and click on 'Register' under the title 'Account Log In'. If you have already registered, log in and click on 'My Meeting Votes'.
- (xii) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- (xiii) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3.0 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xiv) Any questions relevant to the business of the General Meeting may be asked at the General Meeting by anyone permitted to speak at the General Meeting. A Shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xv) At 8 March 2018 (the business day before the printing of this Notice), the Company's issued capital consisted of 36,149,512 Ordinary Shares carrying one vote each of which no Ordinary Shares are held in treasury. Therefore, the total voting rights in the Company at comprised 36,149,512 votes. Further information regarding the General Meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the General Meeting (including this Notice) can be accessed at www.amatiglobal.com.
- (xvi) In accordance with section 311A of the Companies Act 2006, the contents of this notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.amatiglobal.com.

You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.