



Dear Investor

Prospectus for Amati VCT 2 plc Share Offer

Due to the VCT changing its name from ViCTory VCT PLC to Amati VCT 2 plc since the publication of this Prospectus, you will notice that the original name (ViCTory VCT PLC) is used throughout this document, and on the application form. Since this Prospectus has been subject to formal regulatory approval by the UKLA we are not able to update the references to the VCT's name to reflect the change. Please be assured, however, that this is the correct document and the correct application form for the current Share Offer from Amati VCT 2 plc.

Yours faithfully

Paul Jourdan
CEO

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ViCTory VCT PLC

Prospectus

Issue of Consideration Shares in connection with the scheme of reconstruction of Amati VCT 2 Plc,

Offers for Subscription to raise up to £30 million and

allocation of up to £2 million of New Shares to a Dividend Reinvestment Scheme

Amati
Global Investors

Finely crafted investments

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in ViCTory VCT PLC (“**the Company**”), you should send this document, as soon as possible, to the purchaser, transferee, stockbroker, independent financial adviser or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

This document, which comprises a prospectus relating to the Company dated 28 September 2011, has been prepared in accordance with the prospectus rules made under Part VI of the Financial Services and Markets Act 2000, and has been approved for publication by the Financial Services Authority as a prospectus under the prospectus rules.

The Company, the Directors and the Proposed Directors, whose names appear on page 14 of this document, accept responsibility for the information contained herein. To the best of the knowledge of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Persons receiving this document should note that Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as sponsor for the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of Howard Kennedy Corporate Services LLP (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) or providing advice in connection with any matters referred to herein.

ViCTory VCT PLC

(Registered in England and Wales with registered number 04138683)

Prospectus

relating to the issue of Consideration Shares in connection with the scheme of reconstruction of Amati VCT 2 plc, Offers for Subscription to raise up to £30 million and allocation of up to £2 million of New Shares to a Dividend Reinvestment Scheme

Sponsor

Howard Kennedy Corporate Services LLP

Manager

Amati Global Investors Limited

The Shares in issue at the date of this document are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange’s main market for listed securities. Application has been made to the UK Listing Authority for all of the New Shares to be listed on the premium segment of the Official List and application will be made to the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities. Application has been made to the UKLA and to the London Stock Exchange for an amendment to the listing and trading line of New Shares to reflect the Share Reconstruction. It is expected that such admission will become effective and that trading will commence in the New Shares, in respect of the Scheme, by 9 November 2011 and, in respect of the Share Offers, within 2 Business Days of an allotment of Offer Shares.

The Consideration Shares to be issued pursuant to the Scheme and the Offer Shares will not be registered under the United States Securities Act 1933 or the United States Investment Company Act 1990. The attention of persons receiving this document is drawn to the risk factors on pages 7 to 9 of this document. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might arise.

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SUMMARY

This summary outlines the matters covered in this Prospectus. It should be read as an introduction to this Prospectus of the Company dated 28 September 2011. Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the EEA States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary including any translation of the summary if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Background

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

The Company invests mainly in a portfolio of companies whose shares are traded on AIM, with its remaining assets invested in a portfolio of small and mid cap companies listed on the London Stock Exchange's main market, unquoted holdings and bank deposits. As at 22 September 2011, the Company's unaudited NAV was 41.78p per Share. By 18 October 2011, the Company will have paid a total of 12.75p per Share in dividends since launch.

The Company is managed by Amati Global Investors Limited (the "Manager"), an independent fund management business ultimately owned by its staff. On 22 March 2010, when the Manager was appointed investment manager to ViCTory, the Company had net assets of approximately £18 million.

On 11 February 2011, the Manager was appointed investment manager to Invesco Perpetual AIM VCT plc, which was subsequently renamed Amati VCT 2 Plc ("Amati VCT 2").

As announced on 7 July 2011, the Board and the Amati VCT 2 Board have been in discussions with a view to a merger, believing that a merger is in the best interests of both companies' shareholders. Regulations in force since 2004 have permitted VCTs to merge without shareholders losing their VCT tax relief.

The Board also believes that the Merger provides the Company with a suitable opportunity to undertake the Share Offers to raise up to £30 million and to introduce an Enhanced Share Buy Back and Reinvestment Facility for Shareholders who wish to use the proceeds from selling Shares in the Company in order to apply for Offer Shares under the Share Offers.

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

Reasons for the Merger

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

- restoring efficiencies of scale through the creation of a single VCT of a larger size with a greater capital base over which to spread fixed costs;
- extending the potential life of both VCTs through the Enlarged Company, allowing investors to benefit from the mature portfolio of Qualifying Investments which has been built up over many years;
- facilitating the possibility of raising new funds, and hence also being able to sustain a share buy back policy for investors who wish to exit;
- introducing the Enhanced Share Buy Back and Reinvestment Facility which increases the likelihood of establishing a significant pool of shareholders committed to another five years of investment, thus increasing the longevity of the Enlarged Company; and
- introducing a cost cap at 3.5 per cent. of net assets of the Company (see below).

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

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

Reasons for the Share Offers

In addition to the Merger, the Company wishes to raise additional funds.

The Directors believe the Share Offers are attractive because:

- investors will gain access to an attractive and mature portfolio of Qualifying Investments, which is diversified by a spread of Non-Qualifying Investments encompassing a range of global investment themes;
- the Manager is an award winning small cap team, and has recognised expertise in managing AIM VCTs; and
- the Directors and the Manager believe that AIM remains an attractive source of financing for innovative and high-quality companies, and that compelling Qualifying Investment opportunities will continue to arise in this market.

The Scheme

The Scheme provides for Amati VCT 2 to be placed into members' voluntary liquidation and for all of its assets and liabilities to be transferred to the Company in consideration for Consideration Shares being issued directly to the shareholders of Amati VCT 2, such number of Consideration Shares being determined by reference to the adjusted relative net assets of the Company and Amati VCT 2. Once the Scheme is effected, the listing of Amati VCT 2 Shares will be cancelled and Amati VCT 2 will be wound up.

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

The holdings of dissenting Amati VCT 2 Shareholders will be purchased for cash by the Liquidators of Amati VCT 2 at the 'break value' which will be an estimate of the amount a shareholder of Amati VCT 2 would receive in an ordinary winding-up of Amati VCT 2 if all its assets had to be realised. The break value is expected to be significantly below the estimated Amati VCT 2 Roll-Over Value. If Amati VCT 2 Shareholders holding over 5 per cent. of the number of Amati VCT 2 Shares in issue elect not to participate in the Merger, then it will not proceed. If the level of dissent is less than 5 per cent. then the Merger will proceed.

Proposed Changes to the Investment Policy

Subject to Shareholder approval, the Board proposes that the current investment policy is amended to allow the Manager to seek to reduce market risk in the portfolio through the use of exchange traded futures and options on index futures. The Directors believe that this policy will allow a useful additional risk management capability to be introduced, which the Manager has experience of using for Amati VCT plc.

Investment Management Arrangements and Cap on Annual Running Costs

The Manager provides investment management services to the Company (and provides or procures the provision of administration and company secretarial services) and receives a fixed management fee of 1.75 per cent. per annum of net assets, and an index linked fee of £65,000 per annum for the provision of administration and company secretarial services. In line with VCT industry practice, the Manager also receives a performance related fee on the achievement of certain performance criteria.

These investment management arrangements will be unchanged following completion of the Merger (with the exception of a technical amendment to the IMA to take into account the issue of Consideration Shares pursuant to the Scheme).

If the Scheme takes effect, the Company and the Manager have agreed to introduce a cap on the annual running costs of 3.5 per cent. of the Company's net assets, with any excess being met by the Manager by way of a reduction in future management fees.

Share Reconstruction

Irrespective of whether the Scheme proceeds, the Company intends to reconstruct its share capital so that the NAV per share of the New Shares (valued as at the Calculation Date) will be approximately 100p.

Dividend Policy

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

Share Buy Back Policy

The Company wishes to ensure that there is liquidity in the Shares. It is proposed that, following the Merger, the Enlarged Company will buy back shares offered for sale initially at around a 15 per cent. discount to NAV per Share, a lower discount than has been the case for the last few years, with a view to reducing the discount to 10 per cent. by the end of 2013. The making and timing of any share buy backs will remain at the absolute discretion of the Board.

Dividend Reinvestment Scheme

The Company intends to create a dividend reinvestment scheme, giving Shareholders the option of reinvesting their dividends in New Shares.

Change of Name

A resolution is to be proposed at the General Meeting that, subject to the Scheme becoming effective, the name of the Company is changed to "Amati VCT 2 plc".

Cost Savings and Costs of the Scheme

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

The total cost of the Merger is anticipated to be £212,000.

Details of the Share Offers and Enhanced Share Buy Back and Reinvestment Facility

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

Commission is payable by the Company to intermediaries, where applicable, being either:

- (a) initial commission of 3.00 per cent. and no trail commission; or
- (b) initial commission of 2.25 per cent. (together with an annual trail commission of 0.375 per cent. limited to five years, payable by the Manager).

The Company also proposes to implement an Enhanced Share Buy Back and Reinvestment Facility.

Proposed Changes to the Articles of Association

To allow the Share Offers to be made, it is proposed that the Articles of the Company be amended so that the continuation resolution to be put to Shareholders at the annual general meeting of the Company in 2013 is instead put to Shareholders at the annual general meeting in 2018 (and at each annual general meeting of the

Company at five year intervals thereafter). Other amendments to the Articles are being made to facilitate the Share Reconstruction and to further update the Articles as a result of the implementation of the Companies Act 2006 and other legislation.

Summary of Risk Factors

An investment in the Company is subject to a number of risks which could materially and adversely affect its value and a summary of the material risks is set out below:

- Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders.
- The value of the New Shares and the income derived from them may go down as well as up and Shareholders may not get back the amount they invested.
- The secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment. An investment in the Company should be considered as a long-term investment.
- The Company is reliant on certain members of the investment management team of the Manager.
- The past performance of the Company, Amati VCT 2 and/or any other fund managed by the Manager is no indication of future performance. The past performance of investments made by the Company or other funds managed by the Manager should not be regarded as an indication of the future performance of investments made by the Company.
- Realisations of investments in AIM-traded companies and unquoted investments can sometimes be more difficult and can take more time than realisation of investments in companies quoted on the Official List.
- AIM is a market designed primarily for emerging or smaller companies. Such companies may, in comparison to companies quoted on the Official List, have less mature businesses, a more restricted depth of management and a higher risk profile. The rules of the AIM market are, in relation to admission and continuing obligations, less demanding than those of the Official List.
- There is no guarantee that VCT status of the Company will be maintained. Failure to do so could result in adverse tax consequences for investors, including being required to repay up to the full 30 per cent. income tax relief.
- If a Shareholder disposes of their Offer Shares within five years of issue, they will be subject to clawback by HMRC of any income tax reliefs originally claimed.
- If VCT status is lost by the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced.
- In particular, the levels and bases of reliefs from taxation may change and could apply retrospectively. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.
- The Company's ability to obtain maximum value from its investments (for example, through their sale) may be limited by the requirements of the relevant VCT legislation in order to maintain the VCT status of the Company.
- Changes in legislation concerning VCTs in general, and VCT Qualifying Investments and qualifying trades in particular, may limit the number of new Qualifying Investment opportunities and/or reduce the level of returns which would otherwise have been achievable.
- Subject to Shareholders approving a change to the investment policy of the Company, the Manager may use exchange-traded derivatives for hedging purposes with a view to reducing overall market risk in the portfolio as a whole.

RISK FACTORS

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

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

Risks of the Scheme

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

General Market Risks

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

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

VCT and Tax Related Risks

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

- If a Shareholder disposes of their Offer Shares within five years of issue, they will be subject to clawback by HMRC of any income tax reliefs originally claimed.
- Any realised losses on a disposal of New Shares will not be allowable losses for the purposes of capital gains tax, and will, therefore, not be available for set-off against any capital gains.

Gearing and Interest Rate Related Risks

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

Derivatives Related Risks

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

Potential Investors should consult their independent financial adviser before making any investment decision.

FORWARD LOOKING STATEMENTS

Shareholders and potential investors should not place undue reliance on forward-looking statements. This Prospectus includes statements that are (or may be deemed to be) “forward-looking statements”, which can be identified by the use of forward-looking terminology including terms such as “believes”, “continues”, “expects”, “intends”, “may”, “will”, “would”, “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Prospectus, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. These statements will be updated as and when required by the Prospectus Rules, the Listing Rules and the DTR, as appropriate.

EXPECTED TIMETABLES

THE MERGER

EXPECTED TIMETABLE FOR THE COMPANY

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

(Dates subject to variation if any General Meeting is adjourned)

EXPECTED TIMETABLE FOR AMATI VCT 2

Date from which it is advised that dealings in Amati VCT 2 Shares should only be for cash settlement and immediate delivery of documents of title	29 October 2011
Latest time for receipt of forms of proxy for the Amati VCT 2 First General Meeting	2.30 pm on 29 October 2011
Amati VCT 2 First General Meeting	2.30 pm on 31 October 2011
Latest time for receipt of forms of proxy for the Amati VCT 2 Second General	2.30 pm on 6 November 2011
Record Date for Amati VCT 2 Shareholders' entitlements under the Scheme	7 November 2011
Amati VCT 2 Register of Members closed	7 November 2011
Calculation Date	after 5.00 pm on 7 November 2011
Dealings in Amati VCT 2 Shares suspended	7:30 am on 8 November 2011
Amati VCT 2 Second General Meeting	2.30 pm on 8 November 2011
Effective Date for the transfer of the assets and liabilities of Amati VCT 2 to the Company	8 November 2011
Announcement of the results of the Scheme	8 November 2011
Cancellation of the Amati VCT 2 Shares' listing	8.00 am on 9 November 2011

(Dates subject to variation if any General Meeting is adjourned)

THE SHARE OFFERS

EXPECTED TIMETABLE FOR THE COMPANY

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

Notes:

- (i) Successful subscribers (and/or where appropriate their authorised financial intermediaries) will receive an acknowledgement letter from the Company on receipt of their Offer Subscription Form.
- (ii) The Share Offers may close earlier than the dates stated above if they are fully subscribed by an earlier date. The Directors reserve the right to accept Offer Subscription Forms and to allot and arrange for the listing of Offer Shares in respect of applications received in respect of the Share Offers on or prior to the closing dates of the Share Offers as the Directors see fit.
- (iii) The allotment of Offer Shares is at the Directors' discretion and is expected to be made monthly, although there may be additional allotments (at the Manager's discretion). All allotments of Offer Shares will be made at a price per share calculated by reference to the Pricing Formula.
- (iv) Revocation of the Share Offers cannot occur after dealings in the Offer Shares have commenced.

SHARE OFFER STATISTICS

Offer Price per Offer Share	<p>The price at which Offer Shares will be allotted will be calculated on the basis of the following formula (the “Pricing Formula”):</p> <p>The most recent published Net Asset Value per New Share prior to the allotment (with an appropriate adjustment for any performance fee potentially payable based on the Net Asset Value at that date) divided by 0.95 to allow for issue costs of 5 per cent. calculated, in pence, rounded up to two decimal places.</p> <p>No allotments will be made more than four Business Days after the publication of a Net Asset Value per New Share.</p>
Maximum gross proceeds of the Share Offers	£30 million
Minimum subscription per investor under each of the Share Offers	£2,000*

* In relation to the Enhanced Share Buy Back and Reinvestment Facility, if an existing Shareholder applies for his/her entire shareholding in the Company to be offered through that facility, and his/her application is successful, then no minimum subscription under either of the Share Offers will apply.

Commission payable by the Company to intermediaries, where applicable, being either:

- (a) initial commission of 3.00 per cent. and no trail commission; or
- (b) initial commission of 2.25 per cent. (together with an annual trail commission of 0.375 per cent., limited to five years, payable by the Manager).

In relation to Offer Shares issued under the Enhanced Share Buy Back and Reinvestment Facility, no initial commission will be payable to intermediaries and the Company will rebate 3 per cent. of the subscription value through an allocation of additional Offer Shares to Shareholders at the Offer Price (with the number of Offer Shares being rounded down to the nearest whole number). An annual trail commission of 0.375 per cent. will still, however, be payable by the Manager to the Shareholder’s intermediary (limited to five years, payable by the Manager).

Notes:

The commission referred to above assumes that the Directors have not exercised their discretion as referred to in the paragraph headed “Commissions” on page 55 of this document.

DIRECTORS AND ADVISERS

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

Reporting Accountants

Lubbock Fine
Russell Bedford House
City Forum
250 City Road
London
EC1V 2QQ

Bankers

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

DEFINITIONS

“2011/2012 Offer”	the offer for subscription of Offer Shares in relation to the 2011/2012 tax year, as described in and on the terms set out in this document
“2012/2013 Offer”	the offer for subscription of Offer Shares in relation to the 2012/2013 tax year, as described in and on the terms set out in this document
“Admission”	the dates on which (i) the Consideration Shares are allotted pursuant to the Scheme, (ii) the Offer Shares are allotted pursuant to the Share Offers, or (iii) New Shares are allotted pursuant to the DRIS (as applicable) are listed on premium segment of the Official List of the UK Listing Authority
“Act” or “CA 2006”	the Companies Act 2006, as amended
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Amati VCT”	Amati VCT plc, a public limited company registered in Scotland under number SC278722, and whose registered office is at c/o The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh, EH2 1DF
“Amati VCT 2”	Amati VCT 2 plc, a public limited company registered in England and Wales under number 05121438, and whose registered office is at 27/28 Eastcastle Street, London, W1W 8DH
“Amati VCT 2 Board”	the board of directors of Amati VCT 2
“Amati VCT 2 Circular”	the circular to Amati VCT 2 Shareholders dated 28 September 2011
“Amati VCT 2 First General Meeting”	the first general meeting of Amati VCT 2 to be held on 31 October 2011 (or any adjournment thereof)
“Amati VCT 2 Meetings”	the Amati VCT 2 First General Meeting and the Amati VCT 2 Second General Meeting
“Amati VCT 2 Roll Over Value”	the value of a Amati VCT 2 Share calculated in accordance with Part I of this document
“Amati VCT 2 Second General Meeting”	the second general meeting of Amati VCT 2 expected to be held on 8 November 2011 (or any adjournment thereof)
“Amati VCT 2 Shareholder”	a holder of Amati VCT 2 Shares
“Amati VCT 2 Shares”	ordinary shares of 10p each in the capital of Amati VCT 2
“Applicant”	a Shareholder participating in the Dividend Reinvestment Scheme or, where a Shareholder holds Shares as nominee, the person, being the beneficial owner of the Shares registered in the name of that Shareholder, participating in the Dividend Reinvestment Scheme
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“Calculation Date”	the date on which the Amati VCT 2 Roll-Over Value and the ViCTory Merger Value will be calculated, expected to be 7 November 2011
“the Company” or “ViCTory”	ViCTory VCT PLC, a public limited company registered in England and Wales under number 04138683, whose registered office is at 27/28 Eastcastle Street, London, W1W 8DH
“Consideration Shares”	the Shares to be issued by the Company to Amati VCT 2 Shareholders pursuant to the Scheme (and each a “ Consideration Share ”)

“Deed of Variation”	the deed of variation as described in paragraph 5.1.6 of Part IX of this document
“Deferred Shares”	the deferred shares of 5p each arising from the Share Reconstruction
“Disclosure Rules & Transparency Rules” or “DTR”	the disclosure rules and transparency rules of the FSA
“Dividend Reinvestment Scheme” or “DRIS”	the dividend reinvestment scheme proposed to be established on the DRIS Terms and Conditions
“DRIS Terms and Conditions”	the terms and conditions relating to the Dividend Reinvestment Scheme set out in Part X of this document
“EEA States”	the member states of the European Economic Area
“Effective Date”	the date on which the Scheme will be completed, expected to be 8 November 2011
“Enhanced Share Buy Back and Reinvestment Facility” or “ESBBF”	the offers by Shareholders to sell Shares back to the Company at a 1 per cent. discount to the most recently published Net Asset Value per Share, prior to the allotment, where Shareholders wish to use the proceeds from the sale to make a new subscription for Offer Shares, on which a rebate of 3 per cent. of the amounts subscribed will be given in the form of additional Offer Shares (with the number of Offer Shares being rounded down to the nearest whole number)
“Enlarged Company”	the Company, following implementation of the Scheme
“ESBBF Application Forms”	the application forms entitled “Enhanced Share Buy Back and Reinvestment Facility Request Form” (yellow form) and “Application Form for Offer Shares under the Enhanced Share Buy Back and Reinvestment Facility” (blue form) for use in respect of the ESBBF
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company convened for 31 October 2011 (or any adjournment thereof)
“HMRC”	Her Majesty’s Revenue & Customs
“Howard Kennedy Corporate Services LLP”	Howard Kennedy Corporate Services LLP, which is authorised and regulated by the Financial Services Authority and is a UKLA registered sponsor
“IA 1986”	Insolvency Act 1986, as amended
“ITA 2007”	Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Sarah Louise Burge of RSM Tenon Limited, Unit 1, Calder Close, Calder Pak, Wakefield WF4 3BA
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“the Manager” or “Amati Global Investors”	Amati Global Investors Limited, the investment manager to the Company, being a private limited company registered in Scotland under number SC199908 and whose registered office is at 76 George Street, Edinburgh, Midlothian, EH2 3BU
“Meetings”	the General Meeting and the Amati VCT 2 Meetings (and each a “Meeting”)
“Memorandum”	the memorandum of association of the Company
“Merger Ratio”	the Amati VCT 2 Roll-Over Value divided by the ViCTory Merger Value

“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Values”	the Amati VCT 2 Roll Over Value and the ViCTory Merger Value
“NAV”	net asset value
“NAV Total Return”	the theoretical total return to shareholders of a VCT on a per share basis, reflecting the change in NAV per share assuming that net dividends paid to shareholders were reinvested in the VCT at the NAV prevailing on the ex-dividend date
“New Shares”	the Shares arising as a result of the Share Reconstruction and/or to be issued pursuant to the Scheme and/or the Share Offers and/or the Dividend Reinvestment Scheme (and each a “New Share”)
“Non-Qualifying Holding”	shares in, or securities held by a VCT in a company which is not a Qualifying Holding
“Non-Qualifying Investment”	means an investment which is not a Qualifying Investment
“Offer Shares”	the Shares to be issued by the Company pursuant to the Share Offers
“Offer Subscription Form”	the subscription form for use in respect of the Share Offers set out at the end of this document
“Official List”	the official list of the UKLA
“Performance Incentive Fees”	fees payable to the Investment Manager in the event that certain target returns are achieved, as further described in Part II under the section headed “Investment Management Fees” and in paragraph 5.1.3 of Part IX
“PLUS”	PLUS Markets plc, a recognised investment exchange
“Pricing Formula”	the most recent published Net Asset Value of a New Share prior to the allotment (with an appropriate adjustment for any performance fee potentially payable based on the Net Asset Value at that date) divided by 0.95 to allow for issue costs of 5 per cent. calculated, in pence, rounded up to two decimal places
“Proposals”	the proposals to implement the Share Reconstruction and the Merger and pass the Resolutions
“Proposed Directors”	Julian Ralph Avery and Christopher Anthony James Macdonald
“Prospectus”	this document, being the prospectus issued by the Company dated 28 September 2011
“Prospectus Rules”	the prospectus rules of the FSA
“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Qualifying Investment”	an investment by a VCT in shares in, or securities of, a Qualifying Company
“Qualifying Holding”	shares in, or securities of a Qualifying Company held by a VCT which meets the requirements described in Chapter 4 of Part 6 of ITA
“Qualifying Limit”	the investor’s subscription limit of £200,000 per tax year
“Qualifying Subscriber”	an individual, aged 18 or over, who subscribes for Offer Shares within the Qualifying Limit
“quoted”	quoted on the London stock Exchange’s market for listed securities, AIM or PLUS

“Receiving Agent”	The City Partnership (UK) Limited, Thistle House 21 Thistle Street Edinburgh EH2 1DF
“Record Date”	the record date with regard to which Amati VCT 2 Shareholders’ entitlements will be allocated pursuant to the Scheme, expected to be 7 November 2011
“Reinvestment Day”	a day on which any interim or final dividend on Shares is credited to the account of the Scheme Administrator on behalf of any of the Applicants or, if such day is not a dealing day on the London Stock Exchange, the next dealing day thereafter
“Resolutions”	the resolutions to be proposed at the General Meeting
“Scheme” or “Merger”	the proposed merger of the Company with Amati VCT 2 by means of placing Amati VCT 2 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Amati VCT 2’s assets and liabilities in consideration for Consideration Shares as set out in Part I of this document
“Scheme Administrator” or “Scheme Manager”	The City Partnership (UK) Limited, or such other person or persons who may from time to time be appointed by the Company to administer the Dividend Reinvestment Scheme on its behalf
“Share Offers”	together, the 2011/2012 Offer and the 2012/2013 Offer on the terms described in this document
“Share Reconstruction”	the proposed reconstruction of the Shares set out on page 28
“Share Reconstruction Date”	the date and time at which the Share Reconstruction shall take effect, being <ul style="list-style-type: none"> (i) if the Scheme takes effect in accordance with the provisions set out in Part I of this document, after the close of business on the day on which the New Shares in connection with the Scheme are admitted to trading; or (ii) otherwise after close of business on the date of the Amati VCT 2 Second General Meeting (or such later date as the Directors may specify).
“Shareholders”	a holder of Shares (and each a “Shareholder”)
“Shares” or “ViCTory Shares”	prior to the Share Reconstruction, ordinary shares of 5p each in the capital of the Company and, following the Share Reconstruction, the New Shares (and each a “Share”)
“Statutes”	means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies insofar as it applies to the Company
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreement”	the agreement between the Company and Amati VCT 2 (acting through the Liquidators) for the transfer of all of the assets and liabilities of Amati VCT 2 by the Liquidators to the Company pursuant to the Scheme
“UK”	the United Kingdom
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council in June 2010
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA

“unquoted”	private or public companies not quoted on any market or exchange
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs and affecting the Company
“VCT Value”	investment calculated in accordance with Section 279 of ITA 2007
“ViCTory Merger Value”	the value of a ViCTory Share calculated in accordance with Part I of this document

PART I - PROPOSED MERGER OF THE COMPANY AND AMATI VCT 2 AND THE SHARE OFFERS

INTRODUCTION

This document has been published in connection with the proposed merger of the Company and Amati VCT 2 and the issue of the associated Consideration Shares pursuant to the Scheme, the issue of Offer Shares pursuant to the proposed Share Offers and the issue of the New Shares pursuant to the Dividend Reinvestment Scheme.

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

BACKGROUND

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

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

The Company is managed by Amati Global Investors Limited, an independent fund management business owned by Amati Global Partners LLP, which is wholly owned by the staff of the Manager. The Manager was formerly called Noble Fund Managers Limited, which was the subject of a management buyout from Noble Group in January 2010, after which it changed its name to Amati Global Investors Limited. At the time of the management buyout, the Manager had two funds under management, Amati VCT and the CF Amati UK Smaller Companies Fund. Amati VCT was launched as First State AIM VCT in March 2005, and has been managed by Paul Jourdan since that date, initially at First State Investments (UK) Limited, then at Noble Fund Managers Limited, and now at Amati Global Investors Limited. Paul Jourdan and Douglas Lawson are the fund managers who are responsible for the portfolio of Amati VCT, in addition to those of ViCTory and Amati VCT 2. They also manage the CF Amati UK Smaller Companies Fund, an open ended investment company, which recently won the Small Cap Fund of the Year 2011 award from the publication, Growth Company Investor. On 22 March 2010, when the Manager was appointed investment manager to ViCTory, the Company had net assets of approximately £18 million. From this date up to 31 August 2011, the unaudited NAV Total Return of the Company has increased by 4.2 per cent., during which time the FTSE AIM All Share Total Return Index has risen by 3.7 per cent.

Since taking on the investment management contract in 2010, the Manager has substantially restructured the portfolio. The Board believes that the Manager has developed a distinctive approach to managing AIM VCTs. Its objective is, within the constraints of the VCT legislation, to build up a portfolio of holdings in UK quoted companies (which have a capitalisation of up to £2 billion) which is well diversified and balanced, whilst giving exposure to what the Manager believes to be the most attractive global investment themes, taking the Qualifying and Non-Qualifying Investments as a whole. Therefore, the Non-Qualifying Investments tend to be made in companies at the larger end of this spectrum with a strongly international dimension, providing exposure to global investment themes such as the growth of the Far Eastern economies and in Natural Resources industries. Those Qualifying Investments in equities are focussed on companies worth more than £15 million, as the Manager believes that companies of smaller value than this generally carry too high a level of risk as quoted equity investments. Where the Manager wishes to invest in companies below this value, it is the Manager's intention to do this through a mixture of convertible loans and equity investment. This has resulted in the overall unaudited weighted average market capitalisation of the equity investments in the Company's portfolio as a whole rising from £61 million as at 30 March 2010 (a week after the Manager was appointed) to £165 million as at 31 August 2011. It has also meant that since its appointment as Manager, Non-Qualifying Investments have been introduced to the portfolio giving exposure to the mining sector (with investments such as Anglo Pacific Plc), and to the growth of the Far East economies, notably that of China (with investments such as Asian Citrus Plc).

The appointment of the Manager and the restructuring of the portfolio along the lines described above has made a significant contribution to the net asset position of the Company. In the Company's last audited accounts for the year ended 31 January 2011, a comparison was given of the actual performance of the portfolio with how it would have performed had it been unaltered from the date the Manager started (22 March 2010), after deducting the expenses of income for the year. This stated that the actual net asset value per Share was some 10 per cent. higher than it would have been for the unaltered portfolio. The significant changes can be summarised as follows:

- the sale of Qualifying Investments regarded as low-quality due to their early stage of development, weak balance sheets or poor business models;
- re-building the Qualifying Investment portfolio with relatively more mature and larger companies; and
- introducing a strategy for Non-Qualifying Investments to create a more well-balanced portfolio, providing exposure to attractive global investment themes.

On 11 February 2011, the Manager was appointed investment manager to Invesco Perpetual AIM VCT plc, which was subsequently renamed Amati VCT 2 Plc. From this date to 22 September 2011, the unaudited NAV Total Return of Amati VCT 2 has fallen by 5.6 per cent., during which time the FTSE AIM All Share Total Return Index has fallen by 23.7 per cent.. Since taking on this mandate the Manager has restructured the portfolio with the same approach that was adopted for ViCTory. To illustrate this new approach, the unaudited weighted average market capitalisation of the equity investments in Amati VCT 2's portfolio rose from £50 million on 11 February 2011 to £153 million on 31 August 2011. At that date, eight of the newly introduced Non-Qualifying Investments purchased by Amati VCT 2 had also been purchased for the Company's portfolio. In addition to this, three new Qualifying Investments have been made by both VCTs.

Having re-structured both portfolios, the Manager now believes that both Amati VCT 2 and the Company are in a position to benefit from the mature portfolio of qualifying businesses which have been established over many years. The most successful of these investments have become substantial holdings in both VCTs as they have performed strongly, and the Manager believes that these core holdings in the portfolios look well placed to continue to do so over the coming years, even against a difficult economic backdrop.

As announced on 7 July 2011, the Board and the Amati VCT 2 Board have been in discussions with a view to a merger, believing that a merger is in the interests of both companies' shareholders. Regulations in force since 2004 have permitted VCTs to merge without shareholders losing their VCT tax relief. The Board also believes that the Merger provides the Company with a suitable opportunity to undertake the Share Offers to raise up to £30 million. It is the Board's intention that the Share Offers incorporate an Enhanced Share Buy Back and Reinvestment Facility for Shareholders who wish to use the proceeds from selling Shares in the Company in order to apply for new Offer Shares under the Share Offers. Further details of this Enhanced Share Buy Back and Reinvestment Facility are set out on page 53 of this document.

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

Reasons for the Merger

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

- restoring efficiencies of scale through the creation of a single VCT of a larger size with a greater capital base over which to spread administration, regulatory and management costs (including the significant fixed costs of maintaining the listing of a VCT on the Official List);
- extending the potential life of both VCTs through the Enlarged Company, allowing investors to benefit from the mature portfolio of Qualifying Investments which has been built up over many years, and which, following the restructuring undertaken by the Manager, will be focussed on businesses which the Manager believes have strong prospects even against a difficult economic backdrop;
- facilitating the possibility of raising new funds, and hence also being able to sustain a share buy back policy for investors who wish to exit;

- introducing the Enhanced Share Buy Back and Reinvestment Facility which increases the likelihood of establishing a significant pool of shareholders committed to another five years of investment, thus increasing the longevity of the Enlarged Company; and
- the Company and the Manager agreeing that (if the Scheme takes effect) the annual running costs will be capped at 3.5 per cent. of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees.

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

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

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

Reasons for the Share Offers

In addition to the Merger, the Company wishes to raise additional funds. The Directors believe that the success of the Manager in restructuring the portfolio and introducing a coherent set of disciplines for both Qualifying and Non-Qualifying Investments, provides a solid basis for future growth and a strong platform for attracting new investment from investors. Whilst the Directors do not believe that the Company's sustainability is dependent upon its ability to raise new money under the Share Offers, they believe that the Company's long-term prospects would be strengthened and costs per Share would be reduced further.

The Directors believe the Share Offers are attractive because:

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

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

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

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

DETAILS OF THE SCHEME

Transfer of Assets and Liabilities

The Scheme provides for Amati VCT 2 to be placed into members' voluntary liquidation and for all of their assets and liabilities to be transferred to the Company in consideration for Consideration Shares being issued directly to the Amati VCT 2 Shareholders such number of Consideration Shares being determined by reference to the adjusted relative net assets of the Company and Amati VCT 2. Once the Scheme is effected, the listing of Amati VCT 2 Shares will be cancelled and Amati VCT 2 will be wound up.

Scheme Conditionality

The Scheme is conditional upon:

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

Terms of the Scheme

Amati VCT 2, instructed by the Liquidators, will be required to calculate the Amati VCT 2 Roll-Over Value and the ViCTory Merger Value as set out below on or immediately prior to the Effective Date.

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

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

On the Effective Date, the Company will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Amati VCT 2 to the Company in consideration of the issue of Consideration Shares to the Amati VCT 2 Shareholders on the basis set out below. Under the Transfer Agreement, the Company undertakes to pay all liabilities incurred by the Liquidators including but not limited to the implementation of the Scheme, the winding-up of Amati VCT 2 and the purchase for cash of any holdings of dissenting Amati VCT 2 Shareholders.

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

Amati VCT 2

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

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

where:

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

The Company

The ViCTory Merger Value will be calculated as follows:

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

where:

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

Date (including, for the avoidance of doubt, acquisitions and disposals of investments, income from securities and running costs of the Company);

J = 50 (fifty) per cent. of the costs of the Scheme; and

K = the number of Shares in issue following close of business on the Record Date.

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

Consideration Shares

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

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

Where:

L = the Amati VCT 2 Roll-Over Value;

M = the ViCTory Merger Value; and

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

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

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

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

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

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

Taxation

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

The implementation of the Scheme should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscription of existing Shares. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Scheme so as to continue to qualify as a VCT.

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.

Receipt by Amati VCT 2 Shareholders of Consideration Shares under the Scheme

The effective exchange of existing Amati VCT 2 Shares for Consideration Shares will not constitute a disposal of the existing Amati VCT 2 Shares for the purposes of UK taxation. Instead, the new holding of Consideration Shares will be treated as having been acquired at the same time and at the same cost as the existing shares from which they are derived. Amati VCT 2 Shareholders will receive a new share certificate in respect of the Consideration Shares issued pursuant to the Scheme as varied by the Share Reconstruction.

Shareholders in the Company will be afforded the usual tax reliefs available to shareholders in VCTs. Qualifying shareholders should continue to receive tax-free dividends and will not be subject to UK taxation on any capital gains on the disposal of Consideration Shares.

Dissenting Amati VCT 2 Shareholders

Dissenting Amati VCT 2 Shareholders' holdings will be purchased for cash at the 'break value', which will be an estimate of the amount a shareholder of Amati VCT 2 would receive in an ordinary winding-up of Amati VCT 2 if all the assets of Amati VCT 2 had to be realised. The break value is expected to be significantly less than the estimated Amati VCT 2 Roll-Over Value.

Dissenting Amati VCT 2 Shareholders whose Amati VCT 2 Shares are purchased will be treated as having disposed of their existing Amati VCT 2 Shares. Amati VCT 2 Shareholders will still be able to claim the benefit of VCT status whilst in liquidation under the Merger Regulations and the dissenting Amati VCT 2 Shareholders will not be subject to any UK taxation in respect of any capital gains arising on disposal of their New Shares under the Scheme. However, the purchase will constitute a disposal of the existing holding in Amati VCT 2 Shares and dissenting Amati VCT 2 Shareholders will be liable to repay any initial income tax relief obtained on Amati VCT 2 Shares not held for the requisite holding period.

The Company

The implementation of the Scheme should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscription of existing Shares.

Clearances

Application for clearance has been made to HMRC in respect of the Scheme under Section 701 ITA 2007 and Section 138 TCGA 1992 such that the receipt of Consideration Shares should not, except in the case of dealers, be regarded as an income receipt for the purposes of UK taxation.

Clearance has been obtained from HMRC that the Scheme meets the requirements of the Merger Regulations and as such the receipt by Amati VCT 2 Shareholders of Consideration Shares should not prejudice tax reliefs obtained by Amati VCT 2 Shareholders on their existing Amati VCT 2 Shares.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax will be payable by Amati VCT 2 Shareholders as a result of the implementation of the Scheme.

Effect of the Scheme

As at 22 September 2011, the unaudited net asset value of the Company was £16.5 million. As at 22 September 2011, the unaudited net asset value of Amati VCT 2 was £11.6 million. Following completion of the Scheme, the Company's unaudited net assets are expected to be approximately £28 million.

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

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

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

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

Share Reconstruction

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

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

The number of Shares to be redesignated into Deferred Shares will be calculated in accordance with the formula below:

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

where:

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

$$X = N/Y$$

$$Y = 100/Z$$

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

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

where:

$$N = 39,562,549 \text{ Shares in issue on 31 July 2011}$$

$$X = N/Y (39,562,549/2.141) = 18,475,710$$

$$Y = 100/Z (100/46.7) = 2.141$$

$$Z = 46.7$$

$$\text{Deferred Shares} = N - X (39,562,549 - 18,475,710)$$

$$= 21,086,839$$

Revised net asset value per Share 100p

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

The Directors propose to seek Shareholder authority for the Company to enter into an off-market contract to purchase all the issued Deferred Shares for an aggregate amount of 1p and cancelled as issued. A copy of the contract for this off-market purchase of Deferred Shares may be inspected at the registered office of the Company for the period of 15 days prior to the General Meeting and at the meeting itself.

The Company intends, subject to regulatory and Court approval, to cancel the capital redemption reserve arising on the issue of Deferred Shares pursuant to the Share Reconstruction, and to establish a new reserve which may be treated as distributable, which can be used *inter alia* to fund the Company's buy back of New Shares and the payment of dividends. A special resolution will be proposed at the General Meeting dealing with this proposed cancellation.

Shareholders will receive replacement share certificates in respect of the New Shares arising from the Share Reconstruction and existing share certificates will no longer be valid.

SHARE OFFERS AND ENHANCED SHARE BUY BACK AND REINVESTMENT FACILITY

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

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

To apply under the Enhanced Share Buy Back and Reinvestment Facility, Shareholders will need to complete the ESBBF Application Forms (both the yellow form and the blue form) which were sent to them with this Prospectus. If Shareholders do not have these, or would like replacements, they should contact The City Partnership (UK) Limited on 0131 202 1895. The yellow form relates the sale of Shareholders' existing Shares. The blue form relates to the application for Offer Shares using the proceeds from the sale of a Shareholders' existing Shares. Shareholders are referred to the "Frequently Asked Questions" section on page 94 of this document in relation to the operation of that facility.

PART II - INFORMATION ON THE COMPANY

Introduction

The Company was incorporated and registered in England and Wales on 1 January 2001 with limited liability as a public limited company under Companies Act 1985 with registered number 04138683. A resolution has been proposed at the General Meeting that, subject to the Scheme becoming effective, the name of the Company will be changed to "Amati VCT 2 plc".

The Company is domiciled in the United Kingdom. The Company revoked its status as an investment company for the purposes of the Acts on 22 August 2006. The Company operates under the Acts and the regulations made thereunder.

VCTs are unregulated but are required to manage their affairs to obtain and maintain approval as a VCT under the provisions of chapter 3 of Part 6 of ITA 2007. HMRC granted provisional approval of the Company as a VCT in January 2001 and approval has not since been withdrawn. The Company is not authorised and/or regulated by the FSA or an equivalent overseas regulator. The Shares are listed on the Official List.

The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full approval.

Selected Financial Information

Certain selected financial information is set out below:

	Report and Accounts (audited) for the year ended 31 January			Half-year Accounts (unaudited) for six months ended 31 July
	2009 (restated)	2010 (restated)	2011	2011
Investment income and deposit interest	£590,000	£342,000	£248,000	£124,000
Revenue return on ordinary activities before tax	£351,000	£(32,000)	£(109,000)	£(56,000)
Revenue return/(loss) per Share	0.79p	(0.07)p	(0.25)p	(0.13)p
Dividends per Share paid	2.5p	nil	nil	2.0p
Net assets	£19,303,000	£18,330,000	£20,692,000	£18,513,000
NAV per Share	44.32p	42.08p	47.51p	46.70p

As at 31 July 2011, the unaudited NAV of the Company was £18.5 million or 46.70p per Share (taken from the unaudited half-year accounts of the Company for six months ended 31 July 2011).

Board of Directors

The Board comprises four Directors, all of whom are non-executive and independent of the Manager. Although the management of the Company's portfolio has been delegated to the Manager, the Directors retain overall responsibility for the Company's affairs. On completion of the Merger, James Hambro and David Page will resign from the Board and two of the existing directors of the Amati VCT 2 Board, Julian Avery and Chris Macdonald, will join the Board. Julian Avery will become Chairman of the Enlarged Company.

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

Directors

Christopher Moorsom (Chairman) - Christopher has more than 40 years experience in the financial services industry and is a member of the Securities Institute. In 1969 he became a partner of B S Stock, a Bristol firm of stockbrokers. He later became managing director of Albert E Sharp, joint managing director of Gerrard and was chairman of Gerrard Investment Funds. He is currently chairman of The Bath Building Society and a director of the Royal Welsh College of Music and Drama. He is a trustee of several charities and has recently served as a director of Weston Area NHS Trust, Northern Races Ltd, Bath Racecourse Ltd and Chepstow Racecourse Ltd.

James Hambro - James is chairman of J O Hambro Capital Management Limited. He has over 25 years' experience in the merchant banking and investment management industry. He was a founder shareholder in 1986 of the J O Hambro Group and former managing director of J O Hambro Magan & Company Limited. He is also chairman of Hansteen Holdings Plc, a director of Primary Health Properties Plc and a number of other companies.

Michael Killingley - Michael is non-executive chairman of Beale plc and a non-executive director of AIM-quoted Falkland Islands Holdings plc. He was a senior partner with KPMG, chartered accountants, from 1988 until retiring from the firm in 1998 and is a former non-executive chairman of Southern Vectis plc, Conder Environmental plc and Advanced Technology (UK) plc. He is also treasurer of the University of Southampton.

David Page - David was from 1976 to 1993 a major shareholder in the largest franchisee of Pizza Express. In 1993 his franchise group merged with the franchisor at the same time as an IPO. David was appointed CEO of Pizza Express on flotation and chairman in 1996. In 2003 he founded and was chairman of the Clapham House Group plc which acquired and operated a number of restaurant brands. The Clapham House Group plc floated on AIM in November 2003. David is a non-executive director of Young & Co's Brewery Plc, an AIM quoted company.

Proposed Directors

Julian Avery - Julian is chairman of Amati VCT 2. He is a solicitor and was chief executive of Wellington Underwriting plc until September 2004. He was a non-executive director of Aspen Insurance Holdings Limited until May 2007 and chairman of Equity Insurance Group until its acquisition by the Australian insurance group, IAG in January 2007. He is currently a non-executive director of Warner Estate Holdings plc and Charles Taylor Consulting plc. He is senior adviser to Fenchurch Advisory Partners and is also a Trustee and Treasurer of the Butler Trust and chairman of St. Michael's Hospice, Hastings.

Christopher Macdonald - Christopher is chief executive officer of Brooks Macdonald Group plc, a private client fund management group. He is also a director of Brooks Macdonald Asset Management Limited, Brooks Macdonald Financial Consulting Limited, Brooks Macdonald Asset Management (Tunbridge Wells) Limited and Braemar Group Limited.

Corporate Governance and Board Committees

The Board, which meets regularly, comprises four Directors, all of whom are non-executive and all of whom are considered independent of the Manager. The Company complies with the Association of Investment Companies Code of Corporate Governance ("**AIC Code**") and has done so during the year ended 31 January 2011. As at the date of this document, the Company also complies with the relevant provisions of the UK Corporate Governance Code except as set out below.

The Board has constituted one standing committee to make recommendations to the Board - the Audit Committee. This has been established with appropriate terms of reference, and the committee's membership comprises all of the directors of the Company.

The Board does not have a separate remuneration committee as the Company has no employees or executive directors. Also, as the Board is small and consists of non-executive directors, and in view of the nature of the Company as a venture capital trust, it has been decided that a Nomination Committee does not need to be formed. The appointment of new directors is decided by the whole Board. There have been no new appointments during the financial year to 31 January 2011.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and in the preamble to the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, which is an externally managed venture capital trust.

Investment Manager

Introduction

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

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

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

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

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

Investment Management Team

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

Dr Paul Jourdan - Paul is an award-winning fund manager with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010. Paul joined Noble Fund Managers in 2007 as Head of Equities. He moved to Edinburgh in 1998, joining Stewart Ivory to work on UK, emerging market and global equities. In 2000 Stewart Ivory was taken over by Colonial First State (subsequently First State Investments). From September 2000 Paul became manager of what is now CF Amati UK Smaller Companies Fund, winning a number of awards for this fund in 2004/05 and Growth Company Investors Small Cap Fund of the Year award in 2011. In November 2004 he was appointed Head of UK Equities at First State. In early 2005 he launched what is now Amati VCT. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra.

Douglas Lawson - Douglas co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010. Prior to this he worked in corporate finance and private equity, initially as an associate focusing on middle market UK private equity and listed company M&A at British Linen Advisers, and latterly as an investment manager in the private equity team at Noble. Douglas has co-managed the CF Amati UK Smaller Companies Fund since 2009, winning Growth Company Investors "Small Cap Fund of the Year Award 2011". He has also been co-manager of Amati VCT since 2009 and the Company and Amati VCT 2 since these investment management contracts moved to Amati Global Investors. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002.

INVESTMENT MANAGEMENT FEES

Under the Investment Management and Administration Agreement (the "IMA"), the Company has agreed to pay to the Manager a fixed management fee of 1.75 per cent. per annum of the net asset value of the Company, payable in arrears, together with a performance fee further details of which are set out at paragraph 5.1.3 of Part IX of this document. Under the IMA, the Manager has also agreed to provide secretarial and administration services for

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

These investment management arrangements will be unchanged following completion of the Merger with the exception of a technical amendment to the IMA so that the Consideration Shares to be issued pursuant to the Scheme shall be treated as a separate "Pool" for the purposes of the share performance fee arrangements in the IMA (see paragraph 5.1.3 of Part IX of this document).

Proposed Cap on Annual Running Costs

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

Investment Policy and Proposed Investment Policy

Current Investment Policy

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

Investment Objective

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

Risk Diversification

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

Asset Allocation

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

- Between 70 and 85 per cent. in Qualifying Investments, whether equity or non-equity securities in (a) companies traded on AIM or on PLUS Markets, or (b) companies likely to seek a quotation on AIM or on PLUS Markets within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 month period. The issues in which the Company will invest (whether equity or non-equity securities, in AIM or PLUS Markets traded companies) will be either secondary offerings by existing AIM-traded companies or primary offerings when a company is admitted to trading on AIM for the first time;
- Between 0 and 30 per cent. in Non-Qualifying Investments in small and mid-sized companies where such companies are either (a) quoted in London (b) likely to seek a quotation in London within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 months period;
- Between 0 and 30 per cent. in cash or cash equivalents (including money market funds) or government or investment grade bonds.

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

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

Borrowing Policy

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

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

Proposed Changes to the Investment Policy

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

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

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

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

However, in relation to reducing market risk, the manager of a VCT will always be constrained. Amati VCT introduced into its investment policy the ability to hedge market risk via derivatives on exchange-traded index futures at its inception in 2005. Since then the use of such instruments have been limited to particular periods when the Manager believed the market looked vulnerable to set-backs, and the Manager has not used them at all over the last two years. However, the Manager believes that over the next five years the ability to hedge market risk in this manner could prove important for preserving value in the face of a prolonged downturn in the stock market as a whole, and has, therefore, encouraged the Board to propose this change to Shareholders. There is no guarantee, however, that the adoption of this investment policy will mean that market risk in the Company's portfolio is hedged during a fall in the stock market as a whole.

The use of derivatives will not prevent the Company from losing money overall in a falling market. However, the Manager's objective is to partially reduce losses and also to provide cash for investment at moments when the market is weak. The Company will only enter into such transactions for the purposes of efficient portfolio management in line with conventional practice. Strict internal guidelines on the use of derivatives will be put in place by the Manager. Additionally, such derivatives as are used, are required to offer both good liquidity and,

in the Manager's opinion, reasonable correlation to the AIM market. The Manager is under no obligation to use any one of these approaches and provides no guarantee that market risk management will be in place during a falling market. The use of any or all of these instruments will reflect the Manager's view of the market risks which may be taken at any time.

Your attention is drawn to the risk factors relating to the use of derivatives set out on page 9 of this document.

Proposed Investment Policy

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

Investment Objective

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

Risk Diversification

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

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

Asset Allocation

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

- Between 70 and 85 per cent. in Qualifying Investments, whether equity or non-equity securities in (a) companies traded on AIM or on PLUS Markets, or (b) companies likely to seek a quotation on AIM or on PLUS Markets within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 month period. The issues in which the Company will invest (whether equity or non-equity securities, in AIM or PLUS Markets traded companies) will be either secondary offerings by existing AIM-traded companies or primary offerings when a company is admitted to trading on AIM for the first time;
- Between 0 and 30 per cent. in Non-Qualifying Investments in small and mid-sized companies where such companies are either (a) quoted in London (b) likely to seek a quotation in London within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 months period;
- Between 0 and 30 per cent. in cash or cash equivalents (including money market funds) or government or investment grade bonds.

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

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

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

Borrowing Policy

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

Change in Investment Policy

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

Further Investment Restrictions

The Company will also comply with the investment restrictions set out under the legislation relating to VCTs, further details of which are set out in Part VIII, and with the Listing Rules, further details of which are set out in paragraph 9.17 of Part IX.

Dividend Policy

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

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

Cancellation of the Share Premium Account

The Company intends, subject to regulatory and Court approval, to cancel the share premium account arising on the issue of the New Shares pursuant to the Scheme and the Share Offers, and to establish a new reserve which may be treated as distributable, which can be used, *inter alia*, to fund the Company's buyback of Shares and the payment of dividends. Accordingly, resolution 10 set out in the notice of General Meeting deals with this proposed cancellation.

Buy Back Policy

In addition to the Enhanced Share Buy Back and Reinvestment Facility (described on page 53), the Company wishes to ensure there is liquidity in the Shares. The Company has a stated policy of buying back Shares in the market at a 20 per cent. discount to NAV. It is proposed that, following the Merger, the Enlarged Company will offer a share buy back facility initially at around a 15 per cent. discount to NAV, with a view to reducing the discount to 10 per cent. by the end of 2013, subject to applicable legislation governing the Company, market conditions at the time and the Company having both funds and distributable reserves available for the purpose. The making and timing of any share buy backs will remain at the absolute discretion of the Board.

It is likely that during the twelve month period following the Merger the Directors will seek to re-structure the Company's reserves to increase the proportion of reserves which are distributable. This may result in a period of time when share buy backs are not possible.

Dividend Reinvestment Scheme

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

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

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

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

Merger Cost Savings and Costs of the Scheme

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

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

Change of Name

A resolution is to be proposed at the General Meeting that, subject to the Scheme becoming effective, the name of the Company is changed to "Amati VCT 2 plc".

Communication with Shareholders and Financial Calendar

Shareholders will be sent both half yearly and year end results, and the Company will publish interim management statements. The Company's financial calendar is as follows:-

Financial year end	31 January
Final results announcement	May
Annual general meeting	June
Final dividend payable (if any)	June
Half yearly results announcement	September

VCT Compliance

The Company intends to continue to comply with Part 6 ITA to maintain its VCT status and has retained PricewaterhouseCoopers LLP to advise it on VCT taxation matters.

Valuation Policy

Listed investments and investments traded on AIM will be stated at closing bid prices. Unquoted investments and investments traded on PLUS will be stated at fair value as determined by the Directors. In valuing unquoted investments, the Directors will follow the valuation guidelines of the International Private Equity and Venture Capital Association.

CREST

The Shares are in registered form and are eligible for electronic settlement. The Shares can be held within the CREST system so that, should they so wish, Shareholders are able to hold their Shares in uncertificated form. The Consideration Shares issued pursuant to the Scheme will be in registered form. If, following issue, recipients of Consideration Shares pursuant to the Scheme and Offer Shares should wish to hold their Shares in uncertificated form they should contact their broker or independent financial adviser.

Further Investment Restrictions

Venture Capital Trust Regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations currently apply to the Company is summarised as follows:

1. the Company holds at least 70 per cent. of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. at least 30 per cent. of the Company's Qualifying Investments (by value) are held in "eligible shares" ("eligible shares" generally being ordinary share capital). For shares issued after 6 April 2011, the requirement is that at least 70 per cent. of the Qualifying Investments (by value) are held in "eligible shares";
3. at least 10 per cent. of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. no investment constitutes more than 15 per cent. of the Company's portfolio (by value at time of investment);
5. the Company's income for each financial year is derived wholly or mainly from shares and securities;
6. the Company distributes sufficient revenue dividends to ensure that not more than 15 per cent. of the income from shares and securities in any one year is retained; and
7. a maximum unit size of £1 million in each VCT Qualifying Investment (per tax year).

Listing rules

In accordance with the Listing Rules:

- (i) the Company may not invest more than 10 per cent., in aggregate, of the value of the total assets of the Company at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds;
- (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and
- (iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 ITA.

PART III - FINANCIAL INFORMATION ON THE COMPANY AND AMATI VCT 2

Audited financial information on the Company is published in the annual reports for the years ended 31 January 2009, 31 January 2010 and 31 January 2011 and unaudited information in the half-yearly reports for the six month periods ended 31 July 2010 and 31 July 2011. Audited financial information on Amati VCT 2 is published in the annual reports for the years ended 31 May 2009, 31 May 2010 and 31 May 2011.

The annual reports for the Company for the years ended 31 January 2009 and 31 January 2010 were audited by PricewaterhouseCoopers LLP (which resigned as auditors on 12 January 2011). The annual report for the Company for the year ended 31 January 2011 was audited by PKF (UK) LLP. All these annual reports for the Company were unqualified under either the Companies Act 1985 or the Acts (as applicable).

All the annual reports for Amati VCT 2 were audited by Ernst & Young LLP of 1 More London Place, London SE1 2AF and were unqualified under either the Companies Act 1985 or the Acts (as applicable).

These annual reports were all prepared in accordance with UK generally accepted accounting practice (GAAP) and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' and each contains a description of the relevant company's financial condition, changes in financial condition and results of operation for each relevant financial year end, together with half year reports referred to.

All the audited annual reports and the unaudited half-yearly reports referred to above are being incorporated by reference and can be accessed at the following website:

www.amatiglobal.com/vict.php

and

www.amatiglobal.com/avct2.php

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document.

Such information includes the following:

The Company

Description	31 January 2009 Annual Report	31 January 2010 Annual Report	31 July 2010 Half-year Report	31 January 2011 Annual Report	31 July 2011 Half-year Report
Financial Overview	Page 3	Page 2	Page 1	Page 1	Page 1
Income Statement	Page 30	Page 32	Page 16	Page 34	Page 14
Dividend per Share	Page 3	Page 2	Page 21	Page 1	Page 1
Balance Sheet	Page 32	Page 34	Page 19	Page 36	Page 17
Cash Flow Statement	Page 33	Page 35	Page 20	Page 37	Page 18
Notes to the Financial Statements	Page 34	Page 36	Page 21	Page 38	Page 19
Independent Auditors' Report	Page 29	Page 31	n/a	Page 32	n/a
Related Party Transactions	Page 50	Page 53	Page 25	n/a	Page 23

This information in the annual reports has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections of the published audited statutory accounts of the Company for the periods stated as follows:

Description	31 January 2009 Annual Report	31 January 2010 Annual Report	31 July 2010 Half-year Report	31 January 2011 Annual Report	31 July 2011 Half-year Report
Chairman's Statement/Board Review	Page 4	Page 4	Page 4	Page 2	Page 2
Report of Directors/Business Review	Page 21	Page 23	n/a	Page 18	n/a
Investment Portfolio	Page 6	Page 9	Page 9	Page 10	Page 8

As at 31 July 2011, the date to which the most recent unaudited financial information on the Company has been drawn up, the Company had unaudited net assets of £18.5 million or 46.70p per Share.

Amati VCT 2

Description	31 May 2009 Annual Report	31 May 2010 Annual Report	31 May 2011 Annual Report
Financial Overview	Page 2	Page 2	Page 1
Income Statement	Page 29	Page 30	Page 30
Dividend per Share	Page 2	Page 2	Page 1
Balance Sheet	Page 30	Page 31	Page 32
Cash Flow Statement	Page 31	Page 32	Page 33
Notes to the Financial Statements	Page 32	Page 33	Page 34
Independent Auditors' Report	Page 27	Page 28	Page 29
Related Party Transactions	Page 38	Page 39	Page 19

A description of the changes in the performance of Amati VCT 2, both capital and revenue, and changes to Amati VCT 2's portfolio of investments is set out in the sections headed "Chairman's Statement", "Business Review" and "Investment Portfolio" in the published audited statutory accounts of the Company for the periods stated as follows:

Description	31 May 2009 Annual Report	31 May 2010 Annual Report	31 May 2011 Annual Report
Chairman's Statement	Page 3	Page 3	Page 2
Report of Directors/Business Review	Page 10	Page 11	Page 16
Investment Portfolio	Page 6	Page 7	Page 8

As at 31 May 2011, the date to which the most recent audited financial information on Amati VCT 2 has been drawn up, Amati VCT 2 had net assets of £13.8 million or 31.7p per Amati VCT 2 Share.

PART IV - PRO FORMA FINANCIAL INFORMATION

ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The following is the full text of a report on the Company from Lubbock Fine, the Reporting Accountants to the Directors.

The Directors
ViCTory VCT PLC
27/28 Eastcastle Street
London
W1W 8DH

28 September 2011

Dear Sirs

ViCTory VCT PLC (“the Company”)

We report on the unaudited pro forma statement of net assets of the Company (the “**Pro Forma Financial Information**”) set out in Part IV of the prospectus dated 28 September 2011 (the “**Prospectus**”), which has been prepared on the basis described therein, for illustrative purposes only, to provide information about how the Share Offers and the Scheme (as such terms are defined in the Prospectus) might have affected the financial information presented in the Company’s unaudited financial statements for the six month period ended 31 July 2011 in a manner which is consistent with the accounting policies adopted by the Company in preparing its statutory financial statements for the year ended 31 January 2011. This report has been prepared in accordance with the requirements of paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 5.5.3 (2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Rules, consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of Appendix 3.1.1 of the Prospectus Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and paragraph 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Yours faithfully

Lubbock Fine
Regulated by the Institute of Chartered Accountants in England and Wales

Lubbock Fine is a partnership registered in England and Wales.

A list of the names of partners is open to inspection at the office at Russell Bedford House, City Forum, 250 City Road London EC1V 2QQ.

PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of net assets of the Company has been prepared for illustrative purposes only, to show the impact of the Share Offers and the Scheme on the Company's net assets as at 31 July 2011 on the basis that the Share Offers and the Scheme and the acquisition of the investment portfolio and all of the other assets and liabilities of Amati VCT 2 by the Company as if they had been completed on that date.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.

	Company as at 31 July 2011 (£'000) (Notes 1 and 2)	Acquisition of the assets and liabilities of Amati VCT 2 (£'000) (Notes 3 and 4)	Expenses of the Scheme (£'000) (Note 5)	Adjustments Funds raised under the share offers (£'000) (Note 6)	Enlarged Company pro forma (£'000) (Notes 7 and 8)
Fixed Assets					
Investments (at fair value)	17,818	11,637			29,455
Current assets					
Debtors	310	42			352
Cash and deposits	321	1,136		28,500	29,957
Creditors: amounts falling due within one year	(334)	(345)	(212)		(891)
Net current assets	297	833	(212)	28,500	29,418
Net assets	18,115	12,470	(212)	28,520	58,873
Capital and reserves					
Called-up equity share capital	1,982	1,473		1,500	4,955
Share premium	2,955	10,997		27,000	40,952
Merger reserve	3,018				3,018
Special reserve	15,788				15,788
Capital redemption reserve	754				754
Capital reserve	(6,327)				(6,327)
Revenue reserve	(55)		(212)		(267)
Total equity shareholders funds	18,115	12,470	(212)	28,500	58,873
Net asset value per share	45.70p				59.41p

Notes:

- The net assets of the Company have been extracted without material adjustment from the unaudited financial statements of the Company for the six month period ended 31 July 2011 except for the inclusion of the payment of an interim dividend referred to in note 2.
- An interim dividend to the Shareholders of the Company of £398,000 (1p per share) is paid on 18 October 2011, thereby reducing the net assets of the Company by £398,000. The cash and deposits amount shown in the "Company (as at 31 July 2011)" column has been reduced by the amount of this interim dividend.
- The net assets of Amati VCT 2 have been extracted without material adjustment from its audited financial statements for the twelve month period ended 31 May 2011 except for the inclusion of the payment of the second interim dividend referred to in note 4.

4. The second interim dividend to Amati VCT 2 Shareholders of £1.306 million (3p per share) is paid on 14 October 2011, thereby reducing the net assets of Amati VCT 2 by £1.306 million. The cash and deposits amount shown in the "Acquisition of the assets and liabilities of Amati VCT 2" column has been reduced by the amount of the second interim dividend.
5. Total costs of approximately £212,000 (inclusive of VAT) are expected to be incurred in relation to the Scheme, which are to be borne equally by the Company and Amati VCT 2.
6. For the purposes of this pro forma, the assumption has been made that the Share Offers are fully subscribed and that no investments are made under the Dividend Reinvestment Scheme. Therefore, net proceeds received from the Share Offers of £28.5 million have been included, being the maximum of £30 million less issue costs of 5 per cent.
7. The Enlarged Company pro forma net asset value per Share of 59.41p has been calculated on the basis that there are 99.1 million Shares in issue after the acquisition of the assets and liabilities of Amati VCT 2 and, on the basis of full subscription under the Share Offers, that maximum net proceeds are raised.
8. The pro forma statement of net assets of the Company does not take account of any transactions of the Company or Amati VCT 2 or other changes in the value of the assets and liabilities of the Company or Amati VCT 2 since 31 July 2011 in respect of the Company and since 31 May 2011 in respect of Amati VCT 2, save as stated in these Notes (including, in particular, the payment of the interim dividend by the Company and the second interim dividend by Amati VCT 2 referred to in Notes 2 and 4).
9. The Company is now proposing to acquire the investment portfolio and all of the other assets and liabilities of Amati VCT 2 which, as set out on pages 47 and 48 of this document, as at 31 May 2011 (being the date of the most recently published audited financial statements of Amati VCT 2 for the year ended 31 May 2011) amounted in aggregate to £11.64 million.
10. The earnings of the Company would not have been affected, other than by being reduced by the amount of the costs described in note 5. above, had the Merger completed on 31 July 2011.
11. The financial information has been prepared in a manner which is consistent with the accounting policies adopted by the Company as set out in its audited statutory financial statements for the year ended 31 January 2011.

PART V – INVESTMENT PORTFOLIO AND PRINCIPAL INVESTMENTS OF THE COMPANY AND AMATI VCT 2

The investment portfolio of the Company as at the date of this document is as follows (all of which information is unaudited):

Company	Book Cost (£)	Valuation (£) (as at 31 August 2011)
FTSE Sector		
Oil & Gas		
DEO Petroleum plc	181,583	133,161
Egdon Resources plc†	206,410	198,007
Mycelx Technologies*	281,400	288,100
Basic materials		
Anglo Pacific Group plc	461,703	480,000
Elementis plc	236,230	308,200
Industrials		
Avingtrans plc*	528,333	276,833
Bglobal plc*	256,164	75,838
Corac Group plc*	186,144	120,994
Green Compliance plc†	440,231	516,360
Hargreaves Services plc	258,755	370,192
Hightex Group plc*	175,353	93,937
Manroy plc*	180,631	184,434
Microsaic plc†	228,486	192,734
Quadnetics Group plc*	341,381	269,078
RPC Group plc	264,659	329,628
RTC Group plc*	220,375	37,625
SKIL Ports & Logistics Ltd	238,630	164,177
The Sportsweb.com Ltd*#	352,128	316,915
Symphony Environmental Technologies plc*	428,379	382,010
Waterlogic plc	139,306	155,638
Zytronic plc*	610,958	456,067
Consumer goods		
Asian Citrus Holdings Ltd	456,489	429,616
China Food Company plc Convertible 8% Loan Note#	624,000	627,357
New Britain Palm Oil Ltd	162,067	230,850
Sorbic International Convertible 10% Loan Stock#	276,000	277,026
Health care		
Sinclair IS Pharma plc*†	425,678	393,105
Deltex Medical plc*	199,500	126,000
Futura Medical plc*	185,775	187,151
Omega Diagnostics Group plc*	200,000	125,000
Synergy Health plc*	142,567	853,050
Tristel plc*	422,208	296,286

Company	Book Cost (£)	Valuation (£) (as at 31 August 2011)
Consumer services		
Cello Group plc*	257,625	69,750
Conexion Media Group plc*	183,750	5,404
Coolabi plc*	298,596	202,909
Dods Group plc (formerly Huveaux plc)*	595,868	135,000
Ebiquity plc*	729,005	241,850
Entertainment One Ltd	27,323	66,746
Eros International plc	332,465	294,000
Expansys plc*	449,500	19,375
Fuse 8 plc (formerly Award International Holdings)*	209,990	4,830
Music Festivals plc*	38,693	37,502
Music Festivals 8% Convertible Loan Note*#	340,000	344,690
Just Car Clinics Group plc*	69,216	57,002
Lo-Q plc†	749,806	1,213,704
Prezzo plc†	151,327	792,075
Skywest Airlines Ltd	146,488	168,820
Tasty plc*	540,376	304,078
UBC Media Group plc*	614,268	51,669
Financials		
Brookwell Ltd	116,201	81,341
Fulcrum Utility Services Ltd†*	620,193	697,620
London Capital Group Holdings plc	358,745	300,174
Technology		
IDOX plc†	270,902	784,947
Parseq plc (formerly Intelligent Environments Group)*	116,123	232,247
Tikit Group plc*	366,420	806,124
Ubisense Group plc*	393,603	471,959
Utilities		
OPG Power Venture plc	185,767	126,341
Holdings with nil value		
Lilestone Holdings Ltd*#	1,238,655	-
Ovidia Investments plc#	518,312	-
Camaxys Group plc#	254,825	-
Total	19,485,565	16,405,526

Key:

* Qualifying Holdings.

† Part Qualifying Holdings.

Unquoted holdings.

All investment quoted on AIM or London Stock Exchange Full List unless otherwise stated

Since 31 August 2011, there has been no significant change in the value and composition of the investments in the portfolio of the Company.

The investment portfolio of Amati VCT 2 as at the date of this document is as follows (all of which information is unaudited):

Company	Book Cost (£)	Valuation (£) (as at 31 August 2011)
FTSE Sector		
Oil & Gas		
GETECH Group plc*	251,944	116,280
Mycelx Technologies Corp*	210,399	215,408
Basic materials		
African Barrick Gold plc	141,105	191,275
Altona Energy plc	104,500	78,375
Anglo Pacific Group plc	352,899	328,200
Elementis plc	200,317	189,543
Inditherm plc*	400,000	120,000
Oxford Catalysts Group plc*	250,000	83,333
Industrials		
Augean plc*	299,988	49,165
Bglobal plc*	174,800	51,750
Brulines Group plc*	315,000	235,610
Cohort plc*	383,298	252,880
Datong plc*	156,000	37,781
Green Compliance plc*	280,000	310,700
Hangar8 plc*	250,000	188,334
Hargreaves Services plc	349,935	310,378
Manroy plc*	134,423	137,253
Petards Group plc*	34,422	6,896
RPC Group plc	253,578	252,587
Sabien Technology Group plc*	415,895	297,000
Staffline Group plc*†	181,206	506,250
XP Power Ltd	316,545	227,000
Waterlogic plc	199,509	212,721
Consumer goods		
Asian Citrus Holdings Ltd@	489,773	331,188
New Britain Palm Oil Ltd	188,135	176,130
PhotonStar LED Group plc*	262,000	31,814
Health care		
Allergy Therapeutics plc*	194,097	25,218
EKF Diagnostics Holdings plc*	150,000	246,250
Futura Medical plc*	150,000	340,000
Kiotech International plc*	550,005	489,754
Proximagen Group plc*	296,000	244,000
Synairgen plc*	213,687	37,806

Company	Book Cost (£)	Valuation (£) (as at 31 August 2011)
Syntopix Group plc*	416,249	100,096
Tristel plc*	197,992	186,490
Consumer services		
BrainJuicer Group plc*	189,000	458,500
Cupid plc*†	176,106	720,417
DM plc*	356,749	40,197
Hasgrove plc*	439,999	198,000
Mission Marketing Group (The) plc*	408,000	53,550
Telecommunications		
AdEPT Telecom plc*	326,411	74,605
Antenova Ltd A Preference*#	100,118	100,117
Zamano plc*	386,000	28,146
Financials		
Brooks Macdonald Group plc†	127,382	933,750
Brookwell Ltd Redeemable Preference	408,255	285,779
London Capital Group Holdings plc	200,849	204,050
Technology		
Cyan Holdings plc*	220,000	6,500
FFastFill plc*	182,000	299,000
Infrared Integrated Systems Ltd*#	300,000	680,000
Netcall plc*	267,857	144,234
PROACTIS Holdings plc*	344,000	160,000
Publishing Technology plc*	441,500	174,000
Sanderson Group plc*	200,000	132,000
Software Radio Technology plc*	712,568	608,000
Ubisense Group plc*	150,385	162,917
Holdings with nil value		
Antenova Ltd Ord	525,000	-
Celoxica Holdings plc*#	198,125	-
Total	15,424,005	12,071,227

Key:

* Qualifying Holdings.

† Part Qualifying Holdings.

Unquoted holdings.

All investment quoted on AIM or London Stock Exchange Full List unless otherwise stated

Note:

Since 31 August 2011, Amati VCT 2 has sold its holdings in the following holdings:

- | | | |
|------|--------------------------|----------|
| (i) | African Barrick Gold plc | £204,225 |
| (ii) | Elementis plc | £179,580 |

Since 31 August 2011, there has been no significant change in the value and composition of the investments in the portfolio of Amati VCT 2.

Thirteen largest investments

Set out below is a comprehensive and meaningful analysis of the investment portfolio of the Company as at 31 August 2011 (being the latest practical date prior to publication of this document). All of this information is unaudited.

The thirteen largest investments of the Company by valuation as at 31 August 2011 (representing 56.6 per cent. of the unaudited net assets of the Company) are set out below:

Lo-Q plc

Sector	Consumer services		
Market capitalisation	£27.0 million	Year to 31 October 2010	£ million
Cost	£749,806	Profit before tax	2.3
Valuation	£1,213,704	Profit after tax	1.9
Valuation basis	Bid price	Net assets	7.3

Lo-Q designs, installs and operates systems that reduce queuing times for visitors to theme parks. Users of Lo-Q's systems reserve their place in a queue electronically and are then notified when their turn is up. The system has been installed in some of the world's leading theme parks such as those operated by Six Flags, Legoland and Parque Reunidos. The park operators benefit from high customer satisfaction, incremental revenue streams from the system and additional revenue streams as visitors spend more time in park restaurants and gift shops rather than queues.

Synergy Health plc

Sector	Health care		
Market capitalisation	£481.86 million	Year to 31 March 2011	£ million
Cost	£142,567	Profit before tax	36.7
Valuation	£853,050	Profit after tax	28.8
Valuation basis	Bid price	Net assets	289.2

Synergy Health provides healthcare related services to customers worldwide. The company's main activities are decontamination (which is operated on an outsourced and managed basis for reprocessing surgical and re-usable hospital equipment); sterilisation (which operates through the Isotron brand to sterilise single use medical products); healthcare solutions (which provides a wide range of products for infection prevention and control, patient hygiene, surgical and wound care); laboratory services (which provides health screening and clinical pathology support) and linen management.

Tikit Group plc

Sector	Technology		
Market capitalisation	£37.56million	Year to 31 December 2010	£million
Cost	£366,420	Profit before tax	2.9
Valuation	£806,124	Profit after tax	2.2
Valuation basis	Bid price	Net assets	16.2

Tikit is a provider of IT consultancy, software services and technology to legal and accounting firms. The company operates through 3 principal divisions – Managed Services (which provides clients with a fully outsourced IT service); Software (which sells 3rd party and proprietary software solutions); and Consultancy (which provides clients with project based IT expertise). The group's revenues are increasingly moving towards higher margin proprietary software as well as software bundles consisting of own and 3rd party applications that offer all the functionality required by legal firms.

Prezzo plc

Sector	Consumer services		
Market capitalisation	£135.8 million	Year to 2 January 2011	£ million
Cost	£151,327	Profit before tax	14.0
Valuation	£792,075	Profit after tax	9.8
Valuation basis	Bid price	Net assets	67.2

Prezzo is a branded restaurant operator offering a contemporary menu with an Italian flavour. Prezzo opened 20 new restaurants in 2010 including several in prime, city-centre locations. Some of this growth came from Prezzo's acquisition of 11 leasehold sites from Caffè Uno Brasseries. These restaurants are being re-branded in-line with the group's existing estate and Prezzo has agreed to acquire a further six leasehold sites from Caffè Uno. Despite a difficult retail backdrop, Prezzo has grown earnings through high levels of service delivery, an evolving menu and an appealing value for money proposition.

IDOX plc

Sector	Technology		
Market capitalisation	£77.69 million	Year to 31 October 2010	£ million
Cost	£270,902	Profit before tax	4.9
Valuation	£784,947	Retained profit	3.6
Valuation basis	Bid price	Net assets	31.0

IDOX is a provider of software and services to the UK public sector. It is a leading applications provider to local government for core functions relating to land, people and property, for example planning systems and election management software. Over 90 per cent. of UK local authorities are customers of IDOX. The group's products enable local authorities to manage information, knowledge, documents and content. The company recently acquired McLaren Software, which provides document management applications to the oil and gas, mining, utilities, pharmaceuticals and transport sectors.

Fulcrum Utility Services Limited

Sector	Financials	Period from 4 December 2010	
Market capitalisation	£21.6 million	to 31 March 2011	£ million
Cost	620,193	Loss before tax	(16.7)
Valuation	£697,620	Loss after tax	(11.8)
Valuation basis	Bid price	Net assets	(4.9)

Fulcrum was formerly a division of National Grid before reversing into Marwyn Capital 1 Limited, an AIM traded cash shell. The company designs and manages gas connections to large scale projects such as Heathrow's Terminal 5 and to smaller scale commercial projects. In over 50 years, the company has connected an average of 140,000 properties to the national gas distribution network each year. Fulcrum is also a licensed Independent Gas Transporter, operating pipelines connecting over 16,000 properties to the gas mains. The management team has significant industry experience and is implementing a turnaround strategy based on growth in market share, improved operational efficiency and cost control.

China Food Company plc 8% Convertible Loan Note

Sector	Consumer goods		
Market capitalisation	£29.11 million	Year to 31 December 2010	£ million
Cost	£624,000	Profit before tax	3.8
Valuation	£627,357	Profit after tax	2.3
Valuation basis	Discounted cash flow	Net assets	34.5

China Food Company is based in Weifang in Shandong province, China where it manufactures and distributes soya sauce and other condiments as well as animal feeds. The company recently completed the construction of a modern, dedicated soya sauce facility, which increases the company's condiments production capability to 50,000 tonnes. China Food has also launched a new, premium soya sauce brand – Xaka - to address the growing demand for upmarket products in China. China Food's products are distributed through major food retailers such as Tesco, Wal Mart and Carrefour.

Green Compliance plc

Sector	Support Services		
Market capitalisation	£22.03 million	Year to 31 March 2011	£ million
Cost	£440,231	Loss before tax	(2.3)
Valuation	£516,360	Loss after tax	(2.8)
Valuation basis	Bid price	Net assets	14.8

Green Compliance has raised several rounds of equity finance to acquire compliance and regulatory services businesses. Acquisitions to date include companies providing hygiene, pest control and fire protection services. The business was founded by professionals with extensive experience in running large divisions of major support services organisations. The market is growing due to increasing regulatory requirements and increased awareness amongst organisations of the need to comply with such legislation.

Anglo Pacific Group plc

Sector	Basic materials		
Market capitalisation	£31.2 million	Year to 31 December 2010	£ million
Cost	£461,703	Profit before tax	65.8
Valuation	£480,000	Retained profit	56.3
Valuation basis	Bid price	Net assets	345.9

Anglo Pacific owns mining and exploration interests in coal, uranium, gold, diamond, base metals and oil and gas. The continuing demand for raw materials, driven by the Asian economies, has led to a significant rise in commodity prices, which have been beneficial for Anglo Pacific's royalty and mining interests. The group's strategy is focused on securing new royalties through the acquisition of further mining interests.

Ubisense Group plc

Sector	Automobiles & Parts		
Market capitalisation	£42.01 million	Year to 31 December 2010	£ million
Cost	£393,603	Profit before tax	0.4
Valuation	£471,959	Retained profit	0.4
Valuation basis	Bid price	Net assets	11.5

Ubisense provides end to end real-time location solutions to companies allowing them to track people and assets with a high degree of accuracy. The group installs its proprietary technology onsite at the factories of high value manufacturing businesses such as BMW and Boeing. The system is used to track assets such as tools and vehicles with accuracy that satellite based systems cannot achieve. The company also has a division, called Geospatial, that delivers network planning and design applications and software to customers, principally in the utilities and telecom sectors.

Zytronic plc

Sector	Electric and Electrical Equipment		
Market capitalisation	£31.6 million	Year to 30 September 2010	£ million
Cost	£610,958	Profit before tax	2.9
Valuation	£456,067	Profit after tax	2.2
Valuation basis	Bid price	Net assets	11.5

Zytronic is a specialist manufacturer of touch sensors and optical filters for electronic displays. The products use an embedded sensing element based on projected capacitive technology (PCT). PCT provides durability, environmental stability and optical enhancement benefits to designers of integrated electronic displays. Zytronic operates from three modern factories near Newcastle, where it assembles the touch sensors, optical filters and other laminates in environmentally controlled clean rooms.

Asian Citrus Holdings Limited

Sector	Consumer goods		
Market capitalisation	£531.63 million	Year to 30 June 2010	£ million
Cost	£456,489	Profit before tax	108.2
Valuation	£429,616	Profit after tax	107.1
Valuation basis	Bid price	Net assets	751.0

Asian Citrus is the largest independent orange plantation owner and operator in China. The company has three plantations – one is fully developed with approximately 1.3 million orange trees; the second is fully planted with 1.6 million orange trees; and another has been cleared and planting has commenced. Asian Citrus recently expanded into the concentrated juice market with the acquisition of a 92 per cent. interest in Beihai Perfuming Garden Juice Company and intends to expand production through the construction of a new facility by the end of 2011.

Sinclair IS Pharma plc

Sector	Pharmaceuticals and Biotechnology		
Market capitalisation	£99.01 million	Year to 30 June 2010	£ million
Cost	£425,678	Loss before tax	5.0
Valuation	£393,105	Loss after tax	4.3
Valuation basis	Bid price	Net assets	£66.4

Sinclair IS Pharma is a speciality pharma business with products focused in oncology, critical care and neurology. The company is the result of the merger of Sinclair Pharma and IS Pharma, in which ViCTory was a shareholder. The IS Pharma strategy was based on developing, acquiring and commercialising late-stage pharmaceuticals and medical devices. Sinclair viewed the IS Pharma portfolio as an attractive addition to its existing product offering and saw benefits to integrating these products into its distribution network.

Note:

Investment and portfolio information in this Part V has been derived from the Company's accounting records (taken from its unaudited management accounts to 31 July 2011) and, in respect of the information on the portfolio companies, from the latest financial year end accounts published by those companies. In respect of the information published by third parties that has been reproduced in this document, including information on the portfolio companies, the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published, no facts have been omitted which would render the reproduced information inaccurate or misleading. All portfolio companies are valued in Sterling.

PART VI – THE SHARE OFFERS AND THE ENHANCED SHARE BUY BACK AND REINVESTMENT FACILITY

Background

The Company is proposing to raise up to a further £30 million by way of the Share Offers. This will provide investors with the opportunity to make an investment in the Company and benefit from the available VCT tax reliefs. The Company also proposes to offer Shareholders an Enhanced Share Buy Back and Reinvestment Facility in relation to the Share Offers (details of which are set out below).

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

Reasons for the Share Offers

In addition to the Merger, the Company wishes to raise additional funds. The Directors believe that the success of the Manager in restructuring the portfolio and introducing a coherent set of disciplines for both Qualifying and Non-Qualifying Investments provides a solid basis for future growth and a better platform for attracting new investment from existing investors and new investors. Whilst the Directors do not believe that the VCT's sustainability is dependent upon its ability to raise new money under the Share Offers, they believe that the Company's long-term prospects would be strengthened and costs per share would be reduced further. Also, further investment under the Share Offers would allow the Company to take advantage of the attractive investment opportunities which the Directors believe can be found on AIM. AIM VCTs have raised little money over the past few years and pricing of newly issued stock on AIM should remain attractive due to the relative lack of capital available to small, AIM-traded companies.

The Directors also believe that recent changes to tax rates and pension contributions make VCT subscriptions very attractive.

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

Issue Price

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

The Pricing Formula is:

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

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

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

Timetable

The subscription list for the 2011/12 Offer will open on 29 September 2011 and may close at any time thereafter but in any event not later than 5.00 pm on 5 April 2012. The 2012/13 Offer will open and will close on 10 September 2012, unless previously extended by the Directors (but not beyond 27 September 2012). The Share Offers may close earlier than the dates stated above if they are fully subscribed by an earlier date. Dealings in respect of the Offer Shares are expected to commence on the second day following allotment of such Offer Shares. Share certificates (where applicable) and certificates to enable a claim for tax reliefs to be made in respect of the Offer Shares will be posted to Shareholders within 14 days of each allotment. No temporary documents of title will be issued. No notification will be made to successful applicants prior to despatch of

definitive share certificates. Prior to despatch of definitive share certificates (where applicable), transfers (if any) will be certified against the register.

Offer Shares in respect of the 2011/12 tax year will be allotted and issued in respect of the value of applications on 5 April 2012 and on any other date on which the Directors decide on or before 5 April 2012 and Offer Shares in respect of the 2012/2013 tax year will be allotted and issued in respect of the value of applications on 10 September 2012.

The Share Offers are not underwritten. Your attention is drawn to the risk factors set out on pages 7 to 9 of this document.

Costs

The costs of the Share Offers, with the exception of annual trail commission payable to authorised financial advisers, will be borne by the Company.

Proposed Changes to the Articles of Association

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

Other Information

A maximum of £30 million of Offer Shares are being made available under the Share Offers. In the event that applications are received in excess of the maximum subscription under the Share Offers, the Directors reserve the right to use their absolute discretion in the allocation of successful applications. The minimum investment per applicant is £2,000 (this minimum does not apply in relation to the Enhanced Share Buy Back and Reinvestment Facility, if an existing Shareholder applies for his/her entire shareholding in the Company to be offered through that facility, and his/her application is successful). There is no maximum investment, although tax reliefs are available on a maximum investment of £200,000 per individual in all VCTs in the 2011/12 tax year. A husband and wife can each invest up to £200,000 in each tax year.

In relation to the allotment date an announcement will be released through a Regulatory Information Service, including details of the issue price and total number of Offer Shares allotted.

Application will be made to the UK Listing Authority for the Offer Shares to be listed on the Official List and will be made to the London Stock Exchange for such shares to be admitted to trading on its market for listed securities. The Offer Shares will be issued in registered form and be transferable in both certificated and uncertificated form. The Offer Shares will rank for all dividends and other distributions declared, paid or made by the Company thereafter. It is anticipated that dealings in the Offer Shares will commence on the second Business Day following allotment. Dealings may not begin before notification of allotments is made. Revocation of the Share Offers cannot occur after dealings in the Offer Shares has commenced. The Company has applied for the Offer Shares to be admitted to CREST and it is expected that the Offer Shares will be so admitted, and, accordingly, enabled for settlement in CREST, as soon as practicable after Admission has occurred. Accordingly, settlement of transactions in the Offer Shares following Admission may take place within the CREST system if Shareholders wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

As the initial costs of the Share Offers are fixed at 5 per cent. of the gross proceeds, the net proceeds of the Share Offers will be 95 per cent. of the amount subscribed per Offer Share. The maximum gross proceeds of the Share Offers (assuming subscription in full) will be £30 million. The net proceeds of the Share Offers (assuming subscription in full) are estimated to be £28.5 million before the payment or reinvestment of commissions.

The result of the Share Offers will be announced to the London Stock Exchange through a Regulatory Information Service provider authorised by the Financial Services Authority.

Applications for Offer Shares will be payable in full by cheque or banker's draft, to be submitted with the Offer Subscription Form(s). Applications will be accepted on a first-come first-served basis (provided cheques are not post-dated), subject always to the discretion of the Directors. Subscribers should, therefore, return their completed Offer Subscription Form(s), which are contained at the end of this document, as soon as possible. The Company intends to send a letter to each successful applicant (and his authorised financial intermediary where appropriate) acknowledging receipt of his Offer Subscription Form(s).

Completed Offer Subscription Forms (including cheques) should be sent to the Receiving Agent, The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh, EH2 1DF.

Commissions

The commission payable to intermediaries is as follows:

- (i) initial commission of up to 3.00 per cent. and no trail commission; or
- (ii) initial commission of up to 2.25 per cent., plus an annual trail commission payable by the Manager of up to 0.375 per cent. (limited to five years).

Authorised financial intermediaries may agree to waive all or part of the initial commission available to them and, by marking the relevant box on the Offer Subscription Form, authorise the Company to apply an amount equal to the amount of commission that would otherwise be payable to the authorised financial intermediary in a subscription for further Offer Shares in the Company for the account of their clients. All initial commission is payable by the Company and trail commission is payable by the Manager. The Manager reserves the right to negotiate bespoke commission arrangements in respect of trail commission. All trail commission arrangements are entered into subject to the final publication of regulations arising from the Retail Distribution Review by the Financial Services Authority. Whilst it is not anticipated that such rules will affect investments made prior to 1 January 2013, no commission payments will be made which infringe these regulations. The Directors reserve the right to negotiate bespoke commission arrangements with particular distributors where they believe it is in the interests of the Company to do so, anticipated not to exceed 3.5 per cent., in respect of initial commission.

Shareholders are advised to consult their professional advisors before investing in the Share Offers. Shareholders applying in the Share Offers will be eligible to receive a rebate of initial commission of 3.0 per cent. in the form of additional shares subscribed for under the Share Offers with 0.375 per cent. trail commissions payable to their intermediary (limited to five years, payable by the Manager). However, initial commission payable to an intermediary (up to 3 per cent.) will be deducted from the amount rebated. No initial commission will be payable to intermediaries from applications made under the Enhanced Share Buy Back and Reinvestment Facility, but trail commission will be paid at 0.375 per cent. (limited to five years, payable by the Manager).

In order to receive the correct rebates, Shareholders must make sure that they tick the box on the Offer Subscription Form to indicate that they are existing Shareholders, and that any relevant details regarding the intermediary are completed on the form. If no details for an intermediary are given then Shareholder will receive the full 3 per cent. rebate as above.

TERMS OF SHARE OFFERS

The Share Offers are only being made in the United Kingdom. In particular, this document does not constitute an offer to subscribe for, or the solicitation of an offer to subscribe for, Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. The Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) ("**The Securities Act**") or qualify for sale under the laws of any state of the United States or under applicable laws in Canada, Australia, the Republic of South Africa the Republic of Ireland or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia the Republic of South Africa, the Republic of Ireland or Japan. Neither this document, nor any copy, may be sent to or taken into the United States, Canada, Australia or Japan or any other jurisdiction where to do so would violate the laws of that jurisdiction, nor may any of them be distributed to any US person (within the meaning of Regulation S under the Securities Act).

Full terms and conditions are set out in Part XI of this Prospectus.

ENHANCED SHARE BUY BACK AND REINVESTMENT FACILITY

The Company proposes to implement an Enhanced Share Buy Back and Reinvestment Facility following the launch of the Share Offers. The Company will buy back Shares at a 1 per cent. discount to the most recently published Net Asset Value per Share prior to the allotment, where the selling Shareholder subscribes for new Offer Shares under the Share Offers with the net proceeds from the share buy back. The costs of the Share Offers will be 5 per cent., of which up to 3 per cent. initial commission is normally payable to IFAs. However, in the case of Shareholders reinvesting proceeds from the sale of their Shares under the Enhanced Share Buy Back and Reinvestment Facility, no initial IFA commissions will be payable and the Company will rebate 3 per cent. of the subscription value through an allocation of additional Offer Shares to Shareholders at the Offer Price (with the number of Offer Shares being rounded down to the nearest whole number), with 0.375 per cent. trail commissions being payable to their intermediary (limited to five years, payable by the Manager) if the details regarding the intermediary are completed on the relevant form. Subscriptions which arise as a result of the Enhanced Share Buy Back and Reinvestment Facility will serve to re-establish the long-term nature of the Company's funding.

Shareholders who sell their Shares back to the Company and subsequently subscribe for Offer Shares under the Share Offers should not regard this, for tax purposes, as continuing with their existing holding. They will be subscribing for Offer Shares which will carry relief from income tax of up to 30 per cent., but which will also carry the requirement to hold the Offer Shares for five years from the date of subscription. Shareholders who sell the Offer Shares earlier than this time (except in the event of death) will have to repay some or all of the 30 per cent. income tax relief. Income tax relief on subscription is limited to an amount which reduces the investor's income tax liability to nil.

Shareholders can obtain ESBBF Application Forms from the Manager's website, or on request from the Company Secretary, The City Partnership (UK) Limited, on 0131 202 1895. Both forms need to be completed in order to utilise the Enhanced Share Buy Back and Reinvestment Facility. If in any doubt, in considering their intended course of action, Shareholders should consult their independent financial adviser as to whether they have already held their Shares for longer than the minimum three or five year period for income tax relief purposes, and whether they are willing to commit the funds for a further five years. They should also note the Risk Factors on pages 7 to 9 of this document and the tax position as outlined in Part VII of this document (see page 57).

Full terms and conditions of the Enhanced Share Buy Back and Reinvestment Facility are set out in Part XI of this document.

PART VII - TAX POSITION OF SHAREHOLDERS

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

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

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

The Company

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

The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT. The implementation of the Scheme will not affect the VCT status of the Company.

Receipt by Amati VCT 2 Shareholders of Consideration Shares under the Scheme

The effective exchange of existing Amati VCT 2 Shares for Consideration Shares should not constitute a disposal of such shares for the purposes of UK taxation. Instead, the new holding of Consideration Shares should be treated as having been acquired at the same time and at the same cost as the existing Amati VCT 2 Shares from which they are derived.

For Amati VCT 2 Shareholders holding (together with their associates) more than 5 per cent. in the Amati VCT 2 Shares in issue, application for clearance has been made to HMRC in terms of Section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5 per cent. of the Amati VCT 2 Shares in issue should also apply to them.

Existing Shareholders of the Company and New Shareholders under the Share Offers, Enhanced Share Buy Back and Reinvestment Facility and/or pursuant to the Scheme

Existing Shareholders and New Shareholders under the Share Offers, Enhanced Share Buy Back and Reinvestment Facility and/or pursuant to the Scheme should all be afforded the usual tax reliefs as shareholders of a VCT.

Withdrawal of Relief

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue (or three years if issued after 5 April 2000 but before 6 April 2006) or if the VCT loses its approval within this period. Dividend relief ceases to be available once the investor ceases to own the VCT shares in respect of which it has been given.

Capital Gains Tax

Relief from capital gains tax on the disposal of VCT shares

A disposal by a shareholder of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the annual limit for any tax year.

Purchasers in the Market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in the paragraph "Receipt by Amati VCT 2 Shareholders of Consideration Shares under the Scheme" above).

Subscribers under the Share Offers and the Enhanced Share Buy Back and Reinvestment Facility

Subscribers under the Share Offers should be entitled to income tax relief at 30 per cent. on the amount subscribed (provided the Offer Shares are held for at least five years, on a maximum of £200,000 per individual tax year), tax free dividends and capital distributions, and capital gains tax exemption on any gain realised on a disposal of the Offer Shares.

Withdrawal of Approval

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval as a VCT, approval may be withdrawn or treated as never having been given. In these circumstances, reliefs from income tax on the initial investment are repayable unless loss of approval occurs more than five years after the issue (three years if issued after 5 April 2000 but before 6 April 2006) of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in an accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

Shareholders not resident in the UK

Shareholders not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

PART VIII — TAX POSITION OF THE COMPANY

The Company has to satisfy a number of tests to continue to qualify as a VCT. A summary of these tests is set out below. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- not be a close company;
- have each class of its ordinary share capital quoted on a regulated European market;
- derive its income wholly or mainly from shares or securities;
- have at least 70 per cent. by VCT Value of its investments in shares or securities in Qualifying Holdings, of which 30 per cent, by VCT Value must be in ordinary shares carrying no preferential rights to dividends or assets on a winding-up and no rights to be redeemed;
- for funds raised after 5 April 2011, have at least 70 per cent. by value of the Company's Qualifying Investments in "eligible shares", which includes shares with certain preferential rights to dividends;
- have at least 10 per cent. by VCT Value of each Qualifying Holding in ordinary shares which carry no preferential rights to dividends or assets on a winding-up and no rights to be redeemed;
- not have more than 15 per cent. by VCT Value of its investments in a single company at the time of investment (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- not retain more than 15 per cent. of its income derived from shares and securities in any accounting period.

Qualifying Holdings

A Qualifying Holding consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions and for which not more than £1 million was subscribed in any one tax year (nor more than £1 million in, broadly, any period of six months straddling two tax years). The conditions are detailed but include for funds raised before 6 April 2006, that the company must be a qualifying company, that it has gross assets not exceeding £15 million immediately before and not exceeding £16 million immediately after the investment and £7 million and £8 million immediately after the investment for funds raised thereafter that it applies the money raised for the purposes of a qualifying trade within certain time periods and that it is not controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a Qualifying Holding and a part which is a Non-Qualifying Holding.

Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM and the PLUS Markets) and must carry on a qualifying trade. For this purpose certain activities are excluded such as dealing in land or shares or providing financial services. The qualifying trade must be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). The Qualifying Company must at all times have a permanent establishment in the UK. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must be more than 50 per cent. owned.

For the investment of funds raised after 5 April 2007 a Qualifying Company is one with less than 50 full-time equivalent employees and has not had more than £2 million of VCT funds raised after 5 April 2007 (together with funds under the Enterprise Incentive Scheme) in any rolling 12 month period.

Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval. A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such funds need to meet the relevant tests.

Withdrawal of Approval

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. Withdrawal of approval generally has effect from time to time when notice is given to the VCT but, in relation to capital gains tax of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

Changes in legislation concerning VCTs in general, and VCT Qualifying Investments and qualifying trades in particular, may limit the number of new Qualifying Investment opportunities and/or reduce the level of returns which would otherwise have been achievable.

PART IX — ADDITIONAL INFORMATION

1. THE COMPANY

1.1 *General Information*

- 1.1.1 The Company was incorporated and registered in England and Wales on 10 January 2001 with limited liability as a public limited company under the Companies Act 1985 with the name Singer & Friedlander AIM 3 VCT plc and with registered number 04138683.
- 1.1.2 On 29 January 2001, the Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 266 of the Companies Act 1985. The Company revoked this status on 22 August 2006.
- 1.1.3 The Company changed its name to ViCTory VCT PLC on 16 June 2009.
- 1.1.4 The Company has not, since incorporation, been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened by or against the Company of which the Company is aware) which may have or have had a significant effect on the Company's financial position or profitability.
- 1.1.5 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.1.6 The principal activity of the Company is to operate as a VCT.
- 1.1.7 The Company does not hold any share capital in treasury.
- 1.1.8 The ISIN number of the Shares is GB0030207152. The ISIN number of the New Shares after the Share Reconstruction will be GB00B641BB82.
- 1.1.9 The Company is neither authorised nor regulated by the FSA.

1.2 *Duration of the Company*

Shareholders are currently given the opportunity to review the future of the Company at regular intervals. The Articles contain provisions requiring the Directors to propose an ordinary resolution at the annual general meeting of the Company to be held in 2013, proposing that the Company shall continue in being as a VCT. If the Company has not then been liquidated, unitised, or reconstructed as a result of that ordinary resolution not being passed, the Directors will propose the same ordinary resolution at each fifth subsequent annual general meeting thereafter.

In view of the Share Offers, it is proposed that the Articles be amended so that the continuation resolution be put to Shareholders at the annual general meeting in 2018, and at subsequent annual general meetings at five year intervals thereafter. A circular which, *inter alia*, contains a resolution to amend the Articles, has been sent to Shareholders.

1.3 *Borrowing Policy*

The Articles allow the Company to borrow up to an amount equal to the adjusted capital and reserves of the Company. The Directors have no present intention of using this power, but it has been made available to provide the Company with flexibility, if required, in future. A summary of the borrowing powers of the Company contained in the Articles is set out in paragraph 3 below.

2. SHARE CAPITAL

- 2.1 As at 26 September 2011 (being the latest practicable date prior to the publication of this document), the issued and fully paid share capital was £1,976,556, comprising 39,531,121 Shares.
- 2.2 During the period since 1 February 2008 to 26 September 2011 (being the latest practicable date prior to the publication of this document), no Shares have been issued by the Company. In the same period, the following purchases of Shares have taken place:

Date Share buy-back entered in register of members	Number of Shares	Price per Share (pence)
30/5/2008	801,569	66.2
27/06/2008	391,808	60.5
17/07/2008	155,685	57.75
31/07/2008	62,595	52.75
30/02/2009	378,384	27.25
08/06/2009	175,000	23.25
14/07/2009	46,904	37.75
14/07/2009	99,146	37.25
09/10/2009	250,000	35.5
30/10/2009	304,312	38.25
11/11/2009	115,000	38
06/01/2010	116,856	34.25
12/02/2010	113,285	32.5
03/06/2010	117,250	32.25
07/06/2010	310,502	33.8
22/06/2010	35,977	31.5
30/07/2010	152,477	33.64
30/07/2010	78,879	33.53
03/08/2010	20,000	34.35
19/08/2010	22,525	34.35
25/08/2010	33,000	34.5
06/09/2010	20,000	34.5
09/12/2010	123,000	33.0
09/12/2010	58,952	33.0
10/12/2010	431,539	36.0
22/12/2010	50,000	37.37
27/01/2010	187,576	39.16
23/02/2011	58,459	39.00
04/03/2011	51,000	38.375
11/03/2011	91,294	38.38
19/05/2011	14,448	37.37
23/05/2011	322,451	37.575
24/05/2011	18,447	37.37
21/06/2011	41,120	37.82
18/07/2011	41,670	36.625
27/07/2011	35,322	37.875
02/08/2011	30,000	37.3958
22/08/2011	50,000	34.5
20/09/2011	31,428	34.5
Shares repurchased in period	5,437,860	

- 2.3 Since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued or (except pursuant to the Share Offers) is now proposed to be issued, for cash or any other consideration) and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital except as disclosed herein. The Company has no contingent liabilities.
- 2.4 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. Other than pursuant to the Scheme, the Share Offers and the authorities referred to above in this paragraph 2, no material issue of Shares (other than in circumstances where such Shares are offered to Shareholders *pro rata* to their existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- 2.5 The New Shares will be in registered form and temporary documents of title will not be issued. It is intended that the Shares may be held in certificated form or in the CREST system.
- 2.6 The following resolutions will be proposed at the General Meeting:
- 2.6.1 that in substitution for existing authorities, the Directors be and hereby are authorised in accordance with section 551 of the Act to exercise all of the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Shares up to an aggregate nominal value of £6,000,000 in connection with the Scheme, the Share Offers and/or the DRIS, provided that the authority conferred by this resolution shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting;
- 2.6.2 that in substitution for existing authorities but without prejudice to the authority conferred by resolution 2.6.1 described above, the Directors be and hereby are authorised in accordance with section 551 of the Act to exercise all of the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Shares up to an aggregate nominal value representing no more than 10 per cent. of the aggregate nominal value of the Shares issued from time to time provided that the authority conferred by this resolution shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require Shares to be allotted or rights to be granted to subscribe for or to convert any security into Shares in the Company after such expiry and notwithstanding such expiry the Directors may allot Shares or grant rights to subscribe for or to convert any security into Shares in pursuance of such offers or agreements);
- 2.6.3 that conditional upon the passing of the resolution referred to in paragraph 2.6.11 below, pursuant to article 157 of the Company's articles of association to be adopted pursuant to the resolution referred to in paragraph 2.6.11 below, the directors be authorised to offer holders of Shares in the Company the right to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part as may be determined by the directors from time to time) of any dividend declared in the period commencing on the date of this resolution and ending on the fifth anniversary of this resolution pursuant to the DRIS set out in the annex to the Circular;
- 2.6.4 that the proposed amendments to the investment policy of the Company on the terms set out in the circular to Shareholders dated 28 September 2011 be and hereby are approved;
- 2.6.5 that conditional upon the passing of the resolution referred to in paragraphs 2.6.1 and 2.6.7, the acquisition of all of the assets and liabilities of Amati VCT 2 on the terms set out in the circular to shareholders dated 28 September 2011 be and hereby is approved;
- 2.6.6 that conditional upon the passing of the resolution referred to in paragraph 2.6.11:
- (i) on the Share Reconstruction Date, if the ViCTory Merger Value per Share as at the Calculation Date is less than 100 pence per Share, a number of Shares in issue as is represented by "DS" in the following formula (any fraction of a Deferred Share being rounded down) shall be redesignated as deferred shares of 5 pence each ("Deferred Shares"), such shares having the rights and restrictions set out in paragraph (iii) below:

$$DS = N - X$$

where:

N = the number of Shares in issue immediately following the allotment of New Shares in connection with the Scheme

X = N/Y

Y = 100/Z

Z = the ViCTory Merger Value in pence per Share

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

- (ii) the Deferred Shares shall:
 - (a) carry the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution, and which the Directors determine to distribute by way of dividend in priority to any dividend payable in respect of Shares at the rate of 1p per annum in aggregate to be paid amongst the holders of Deferred Shares as a class but confer no other right to a dividend;
 - (b) not confer any right to receive notice of, or to attend or vote at general meetings;
 - (c) on a winding up confer a preferential right to be paid out of the assets of the Company available for distribution an amount equal to 1p for all Deferred Shares held prior to the surplus being distributed to the holders of Share capital, but do not confer any right to participate in any surplus assets of the Company; and
 - (d) be capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purposes the Directors may authorise any person to execute on behalf of and as attorney for the holders of Deferred Shares an appropriate contract and may deliver it or them on their behalf);
- (iii) following the passing of this resolution 2.6.6 and resolution 2.6.11 the Articles be and are hereby amended so as to:
 - (a) incorporate in Article 2.1 of the Articles to be adopted a definition of the Deferred Shares to read as follows:
 - ““Deferred Shares” deferred ordinary shares of 5 pence each in the capital of the Company”
 - (b) insert the words “and Deferred Shares” at the end of Article 3.3;
 - (c) insert the paragraph 2.6.6(ii) as Article 3.4;
- (iv) the Company, acting by its Directors, be and hereby is authorised to enter into a contract to purchase all the issued Deferred Shares for an aggregate amount of 1p in accordance with the Articles as amended pursuant to the resolution referred to in paragraph 2.6.6(ii) above (in the form of the contract tabled at the meeting and initialled by the Chairman for the purposes of identification and which as at the date of the meeting will have been on display at the Company’s registered office and available for inspection by members for not less than 15 days); and
- (v) the Company shall not be obliged to issue share certificates in respect of the Deferred Shares; give any prior notice to the holders of Deferred Shares that such shares are to be purchased in accordance with new Article 3.4(d); or account to any holder of Deferred Shares for the purchase monies in respect of such shares.

2.6.7 that in substitution for existing authorities, the Directors be and hereby are empowered pursuant to section 570(1) of the Act to allot or make offers or agreements to allot equity

securities for cash pursuant to the authority given in accordance with section 551 of the Act by resolutions 2.6.1 and 2.6.2 as if section 561(1) of the Act did not apply to such allotments, provided that the power provided by this resolution shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting;

2.6.8 that in substitution for existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of CA 2006 of its own Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:

- (i) the maximum aggregate number of Shares authorised to be purchased is such number thereof being 14.9 per cent. of the issued New Shares from time to time;
- (ii) the minimum price which may be paid per Share is its nominal value;
- (iii) the maximum price which may be paid per Share is an amount equal to 105 per cent. of the average of the middle market quotation of such share taken from the London Stock Exchange daily official list for the five Business Days immediately preceding the day on which such share is to be purchased;
- (iv) the authority conferred by this resolution shall expire on the earlier of (i) the conclusion of the next annual general meeting of the Company and (ii) the expiry of eighteen months following the passing of this resolution unless such authority is renewed prior to such time; and

the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of such shares pursuant to any such contract or contracts;

2.6.9 that the amount standing to the credit of the share premium account of the Company at the date the order is made confirming such cancellation by the court, be and is hereby cancelled;

2.6.10 that the amount standing to the credit of the capital redemption reserve of the Company at the date the order is made confirming such cancellation by the court, be and is hereby cancelled;

2.6.11 that new articles of association be adopted as the articles of association of the Company; and

2.6.12 that, subject to the Scheme becoming effective, the name of the Company be changed to "Amati VCT 2 plc".

The resolutions described at 2.6.1 to 2.6.4 (inclusive) will be proposed as ordinary resolutions and the resolution described at 2.6.5 to 2.6.12 (inclusive) will be proposed as special resolutions.

3. ARTICLES OF ASSOCIATION

The Memorandum of the Company provides that the Company's principal object is to carry on the business of a VCT and to undertake all kinds of investment business.

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

3.1 **Voting Rights**

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

3.2 **Transfer of Shares**

All transfers of shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a share shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The

Directors may refuse to register any transfer of a partly paid share, provided that such refusal does not prevent dealings taking place on an open and proper basis, and may also refuse to register any instrument of transfer unless:

3.2.1 it is duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer,

3.2.2 it is in respect of only one class of share; and

3.2.3 the transferees do not exceed four in number.

3.3 ***Dividends***

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

3.4 ***Disclosure of interests in shares***

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

3.5 ***Distribution of assets on liquidation***

On a winding-up any surplus assets will be divided amongst the holders of the shares according to the respective numbers of shares held by them and in accordance with the provisions of the Acts, subject to the rights of any shares which may be issued with special rights or privileges. The Articles provide that the liquidator may, with the sanction of a special resolution and any other sanction required by the IA 1986, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

3.6 ***Changes in share capital***

3.6.1 Without prejudice to any rights attached to any existing shares, any shares may be issued with such rights or conditions as the Company may by ordinary resolution determine or, in the absence of such determination, as the Directors may determine. Subject to the Acts, the Company may issue shares which are, or at the option of the Company or the holder are, liable to be redeemed.

3.6.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide its shares or any of them into shares of smaller amounts, cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.

3.6.3 Subject to the Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account and may also, subject to the Acts, purchase its own shares (excluding any redeemable shares).

3.7 ***Variation of rights***

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

3.8 **Directors' interests**

A Director who is in any way, directly or indirectly, interested in any transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Acts, the nature of his interest.

3.8.1 Provided that he has declared his interest in accordance with the Articles a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit or remuneration which he derives from such office, interest, any such action or arrangement.

3.8.2 A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any direct/indirect interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company unless the Director has made a declaration disclosing the nature and extent of such interests and has obtained from the other Directors their authorisation for the above in accordance with the provisions of the statutes, and unless his interest arises only because the case falls within one or more of the following paragraphs:

3.8.2.1 the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

3.8.2.2 the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

3.8.2.3 any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities for subscription, purchase or exchange;

3.8.2.4 any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing 1 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;

3.8.2.5 any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates;

3.8.2.6 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors of the Company or for the benefit of persons including directors of the Company.

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

3.9 **Remuneration of Directors**

3.9.1 The ordinary remuneration of the Directors (other than an executive director appointed under the Articles) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting, the aggregate of the ordinary remuneration of such Directors shall not exceed £90,000 per

annum. The Directors shall also be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

3.9.2 Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Directors may determine.

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

3.10 **Retirement of Directors**

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

3.11 **Borrowing powers**

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

3.12 **Distribution of realised capital profits**

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

3.13 **Duration of the Company**

The Articles contain provisions requiring the Board to propose an ordinary resolution at the annual general meeting of the Company to be held in 2013 and at the annual general meetings at five year intervals thereafter, proposing that the Company shall continue in being as a VCT. If such resolution is not passed, the Board shall within nine months of such meeting convene a general meeting where two special resolutions shall be proposed: 1) a special resolution for the reorganisation or reconstruction of the Company; and if such resolution is not passed, 2) a special resolution requiring the VCT to be wound up voluntarily. If neither resolution is passed, the Company shall continue as a venture capital trust.

3.14 **Uncertificated Shares**

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The Articles are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Regulations.

3.15 **General Meetings**

An annual general meeting shall be held once a year (and specified as such in the notice convening the meeting) at such time (within a period of six months beginning on the day following the Company's accounting reference date) and place as may be determined by the Directors.

An annual general meeting and any general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. Any other general meeting shall be called by at least 14 clear days' notice given by the Company. Notice shall be given to all members, other than those who are not entitled under the Articles to receive notice.

Every notice calling a general meeting shall specify the place, day and time of the meeting. Every notice must include a prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

3.16 **Issue of Shares**

Subject to the provisions of the Acts relating to authority, pre-emption rights and otherwise and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors, and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

4. **DIRECTORS', PROPOSED DIRECTORS' AND OTHER INTERESTS IN THE COMPANY**

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

4.2 As at 26 September 2011 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and the Proposed Directors and their respective immediate families and persons connected with them in the share capital of the Company were as follows:

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

Proposed Directors	Number of Shares	Percentage of issued Share capital
Julian Avery	nil	nil
Christopher Macdonald	nil	nil

Save as disclosed in this paragraph 4, no Director nor any person (to the extent the same is known to, or could with reasonable diligence be ascertained by, that Director) connected with any Director has any interest in the share or loan capital of the Company.

- 4.3 Each of the Directors has entered into a letter of appointment with the Company, a copy of which is available for inspection at the address set out in paragraph 10 of this Part IX below, for the provision of their services as directors for the fees disclosed in paragraph 4.6 below. These agreements entered into between the Company and James Hambro, Christopher Moorsom, David Page and Michael Killingley took effect from 29 February 2000, 13 June 2003, 1 August 2004 and 22 February 2006 respectively. These agreements are terminable by either party as prescribed by law and/or the Articles. There are no commission or profit sharing arrangements and no compensation is payable on termination of the agreements. No amounts have been put aside to provide pensions, retirement or similar benefits to any Directors. Save as disclosed in this paragraph, none of the Directors has entered into any service contract with the Company. The Proposed Directors will be appointed on the same terms as the existing Directors on annual fees as set out in paragraph 4.6 below.
- 4.4 No loan or guarantee has been granted or provided by the Company to any Director.
- 4.5 Save as disclosed in paragraphs 4 and 5 of this Part IX, no Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company or material to the Company, the Scheme or the Share Offers.
- 4.6 The current annual remuneration of the Directors is, and the proposed annual remuneration of the Proposed Directors will be, as follows:

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

Proposed Directors	Annual Fees
Julian Avery	£22,000
Christopher Macdonald	£14,000

The fees paid to the Directors by the Company for the financial period ended 31 January 2011 under the arrangements in force at the date of this document were £15,000 for each Director and £18,000 for the Chairman, Christopher Moorsom plus NIC/VAT (where applicable).

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

- 4.7 The Company maintains directors' and officers' liability insurance for the benefit of the Directors and the Company Secretary.

- 4.8 The following are directorships (unless otherwise stated) and partnerships held by the Directors in the five years prior to the date of this document and the principal activities of the Directors other than in relation to the Company where these are significant with respect to the Company:

Directorships and partnerships

Directors	Current	Previous
Christopher Moorsom	Bath Building Society Royal Welsh College of Music and Drama Singer & Friedlander AIM 3 VCT Limited ViCTory VCT PLC	Chepstow Races Limited Northern Races Limited Bath Racecourse Company Limited
James Hambro	AHG (2006) Limited Anchor Meadow Limited Barratt & Cooke Limited CCH Advisers Limited Circle Property Management Limited Enterprise Capital Trust PLC Franco's Limited Health Investments Limited Henniker Mews Residents' Association Limited Hansteen Holdings PLC I Hennig & Co Limited J O Hambro Capital Limited J O Hambro Capital Management Group Limited J O Hambro Capital Management Limited J O Hambro Capital Management Unit Trust Managers J O Hambro Unit Trust Managers Limited JOHCMG Share Trustee Limited Kimberley Farms Limited Merchant Properties General Partner Limited Merchant Properties Nominees Limited Merchant Properties Two General Partner Limited Merchant Properties Two Nominee 1 Limited Merchant Properties Two Nominee 2 Limited Motorstep Limited Patientfirst (Burnley) Limited Patientfirst (GPFC) Holdings Limited Patientfirst (Hinckley) Limited Patientfirst (Leamington Spa) Limited Patientfirst (RBS) Holdings Limited Patientfirst (Wingate) Limited Patientfirst Partnerships Limited PHIP (5) Limited PHIP (6) Limited PHIP (Hetherington Road) Limited PHIP (Hoddesdon) Limited PHIP (Milton Keynes) Limited PHIP (RHL) Limited PHIP (Sheerness) Limited PHIP (SSG Norwich) Limited PHIP CH Limited PHIP CHH Limited PHP Empire Holdings Limited Primary Health Investment Properties (No. 2) Limited Primary Health Investment Properties (No. 3) Limited Primary Health Investment Properties (NO. 4) Limited Primary Health Investment Properties Limited Primary Health Properties PLC Ryder Court Properties Limited SPCD (Northwich) Limited SPCD (Shavington) Limited ViCTory VCT PLC Wilton (St. James's) Limited Wiltons Holdings Limited	

Michael Killingley	Beale plc Falkland Islands Holdings PLC JE Beale plc Singer & Friedlander AIM 3 VCT Limited The Portsmouth Harbour Ferry Company Limited University of Southampton Holdings Limited ViCTory VCT PLC	Atkins ABG Limited Conder Environmental Public Limited Company (in liquidation)
David Page	Aveyron Capital Partners Limited Best Hatts Limited Boxlane Limited CHG Brands Limited Crestgale Limited Dellasud Limited Franco Manca 2 UK Limited KEFI Ltd KIMSSAM Ltd Meatailer Limited Rocca LTD Sophie and May Ltd South Park Capital Limited Souvalaki & Bar Limited The Real Greek Food Company Limited Tootsies Restaurants Limited (in administration) ViCTory VCT PLC Young & Co's Brewery PLC	CHG 3 Limited CHG 5 Limited GBK Franchises Limited GBK Restaurants Limited GBK Retail Limited Gourmet Burger Kitchen Limited Soho Equity LLP

Proposed Directors

Julian Avery	Amati VCT 2 plc Charles Taylor Consulting PLC EIG (Acquisitions) Limited EIG (Investments) Limited Fenchurch Partners LLP St Michaels Hospice (Trading) Limited St Michaels Hospice Hastings St Michaels Hospice Lottery Limited Warner Estate Holdings PLC	Aspen Insurance Holdings Limited (a Bermudan company) EIG (Finance) Limited IAG UK Holdings Limited The High Sheriffs' Association of England & Wales RYE Golf Club Company Limited
Christopher Macdonald	Amati VCT 2 plc Braemar Group Limited Brooks Macdonald Asset Management (Tunbridge Wells) Limited Brooks Macdonald Asset Management Limited Brooks Macdonald Financial Consulting Limited Brooks Macdonald Funds Limited Brooks Macdonald Group PLC Brooks Macdonald Nominees Limited Brooks Macdonald Tax Services Limited Plastic Propaganda Limited	Moulsford Preparatory School Trust Limited

4.9 Other than as disclosed in paragraph 4.8, none of the Directors has:

- 4.9.1 any unspent convictions in relation to indictable offences or convictions in relation to fraudulent offences in the previous five years;
- 4.9.2 been associated with any bankruptcy, receivership or liquidation in his capacity as director or other member of an administrative, management or supervisory body, or as senior manager, in each case for the previous five years;
- 4.9.3 been an executive director or senior manager of any company which, at the time of or within 12 months following his executive directorship, has been subject to receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;
- 4.9.4 been a partner or senior manager in any partnership which, at the time of or within 12 months following his being a partner, has been subject to a compulsory liquidation, administration, or partnership voluntary arrangement;

- 4.9.5 owned any assets which have been subject to a receivership or been a partner in partnership subject to a receivership where he was a partner at the time or within the 12 months preceding such event; or
- 4.9.6 been subject to public criticism or any official public incrimination and/or sanctions by any statutory or regulatory authority (including recognised or designated professional bodies) or been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for the previous five years.
- 4.10 The Company is not aware of any persons who, directly or indirectly, exercises or could exercise control over the Company. At the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.
- 4.11 As at the date of this document, there are no potential conflicts of interest between any duties of any Director of, or the Investment Manager to, the Company and their private interests and/or other duties.
- 4.12 None of the Company's major shareholders has voting rights different from other holders of Shares.

5. MATERIAL CONTRACTS

5.1 Save as disclosed in this paragraph, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

5.1.1 Each of the Directors has entered into a letter of appointment on the terms described in paragraph 4.3 above.

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

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

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

The Manager will also be entitled to receive a performance related fee on the achievement of certain performance criteria. The performance fee is calculated at the end of each performance period (each being a period which corresponds to the Company's half yearly

financial periods) and becomes payable upon publication of the results of the Company for that performance period. The current performance period commenced on 1 August 2011.

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

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

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

- 5.1.4 Heads of terms were signed by the Company and Amati VCT 2 on 30 June 2011. The companies agreed that the transaction costs would be split equally by the companies. In the event of the Merger not proceeding, the company responsible for withdrawing from the process has agreed to pay its own abort costs and will pay a fee to the other party equal to the other party's abort costs provided that neither company shall be liable to pay abort costs of the other which exceeds the limit imposed by the Listing Rules. Failure of one of the company's shareholders to vote in favour of the merger will result in that company becoming liable for such abort costs. In the event that the Board and the Amati VCT 2 Board mutually decide not to proceed, or the Merger does not proceed due to any other event outside the control of either company, then the abort costs, subject to the proviso above, will be split equally between the parties. With the exception of confidentiality obligations, no other terms in the heads of terms are legally binding on the parties.
- 5.1.5 A facilitation agreement dated 28 September 2011 between the Company, the Manager and the Sponsor in terms of which the Manager has agreed to use all reasonable endeavours to facilitate the subscription for Offer Shares under the Share Offers to raise up to £30 million on behalf of the Company, and for the allocation of £2 million of New Shares under the Dividend Reinvestment Scheme. The Company has agreed pursuant to the agreement that it will pay all costs of the Scheme and the Share Offers, including all advisers' fees and all initial commissions payable to financial intermediaries. The Manager has agreed to pay any trail commissions payable to financial intermediaries. The Manager will not receive a fee in relation to the Share Offers under the agreement. In addition, the Company has given the Manager and the Sponsor warranties in relation to the Company and the Prospectus, and has given the Manager and the Sponsor an indemnity in respect of any loss suffered in their

respective roles in relation to the Share Offers or the Scheme (other than loss which arises as a result of their negligence, wilful default or their failure to comply with statutory requirements or their obligations under the agreement), all of which are customary provisions in an agreement of this nature. The facilitation agreement may be terminated by either the Company or the Manager upon the material breach by the other of any of the warranties, or the material breach of their obligations contained within the agreement.

- 5.1.6 A deed of variation to the IMA dated 28 September 2011 between the Company and the Manager to the effect that, on the Scheme taking effect, the IMA shall be varied (i) to change the performance incentive fee arrangements so that Consideration Shares shall be treated as a separate "Pool" for the purposes of those arrangements, and (ii) so that the Manager will cap the annual running costs of the Company at 3.5 per cent. of the Company's net assets, with any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the Directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fees payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs)
- 5.2 The following contracts will be entered into subject, *inter alia*, to the approval by Shareholders of the resolutions to be proposed at the General Meeting and the Amati VCT 2 Meetings:
- 5.2.1 A transfer agreement between the Company and Amati VCT 2 (acting through the Liquidators) pursuant to which all of the assets and liabilities of Amati VCT 2 will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Consideration Shares in accordance with Part I of this document. The Liquidators will agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets of Amati VCT 2 will be transferred on receipt to the Company as part of the Scheme.
- 5.2.2 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme.

6. RELATED PARTY TRANSACTIONS

- 6.1 Save for the transactions described below in paragraphs 6.2 and 6.3 below, the Company has not entered into related party transactions during the period covered by the financial information referred to in Part III of this document and up to the date of this document.
- 6.2 On 21 October 2008, Williams de Broë Limited acquired an economic interest in the business operations of Singer & Friedlander Investment Management Limited and the investment management staff of Singer & Friedlander Investment Management Limited transferred to the employment of Williams de Broë Limited. Williams de Broë Limited were appointed formally as investment manager of the Company on 28 April 2009. Williams de Broë Limited received an annual management fee of 1.5 per cent. of the net asset value of the Company.
- 6.3 As stated in the unaudited half-yearly accounts of the Company for the six months ended 31 July 2010, the Company held 342,080 shares (0.8 per cent.) in The Clapham House Group PLC of which Mr David Page was executive chairman. Mr David Page held at the time 1,192,491 shares (2.9 per cent.) in The Clapham House Group PLC in his own name and received a fee of £168,000 per annum. The Company disposed of the shares in October 2010.

7. TAXATION

- 7.1 The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Board as to the position of the Company's Shareholders who hold Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or may be subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 7.2 **Taxation of dividends** - Under current law, no tax will be withheld by the Company when it pays a dividend.
- 7.3 **Stamp duty and stamp duty reserve tax** - The Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Consideration Shares to be issued pursuant to the Scheme or the Offer Shares to be issued pursuant to the Share Offers. The Company has been advised that the transfer of Consideration Shares or Offer Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5 per cent. of the consideration paid. An unconditional agreement to transfer such Consideration Shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 7.4 **Close company** - the Board believes that the Company is not, and expects that following completion of the Scheme it will not be, a close company within the meaning of ITA 2007. If the Company was a close company in any accounting period, approval as a VCT for the Company would be withdrawn.

8. GENERAL

- 8.1 **Working Capital Statement** – The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period from the date of this document.
- 8.2 **Capitalisation and Indebtedness Statement** – The table set out below shows the capitalisation of the Company as at 31 July 2011 (being the latest practical date prior to publication of this document).

Shares	£'000
Shareholders' equity	
Share capital	1,982
Share premium	2,955
Capital redemption reserve	754
Revenue reserve	(55)
Merger Reserve	3,018
Special Reserve	16,186
Capital reserve – realised	(4,738)
Revaluation reserve	(1,589)
	18,513

There has been no material change in the capitalisation of the Company since 31 July 2011.

The following table shows the Company's net indebtedness as at 31 July 2011:

	£'000
A Cash	719
B Cash equivalents	0
C Trading securities	0
D Liquidity (A+B+C)	719
E Current financial receivable	310
F Current bank debt	0
G Current position of non-current debt	0
H Other current financial debt	(334)
I Current financial debt (F+G+H)	(24)
J Net current financial indebtedness (I-E-D)	695
K Non-current bank loans	0
L Bonds issued	0
M Other non-current loans	0
N Non-current financial indebtedness (K+L+M)	0
O Net financial indebtedness (J+N)	695

8.3 There is no indirect or contingent indebtedness.

9. OTHER

- 9.1 Other than the costs of the Scheme, the acquisition of Amati VCT 2 is not expected to have a material effect on the levels of revenue and profits made by the Company relative to its enlarged asset base had the acquisition occurred on 31 July 2011.
- 9.2 There are no Governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 9.3 Save for the movement of net asset value from 46.7p per Share to 41.78p per Share (unaudited) as at 22 September 2011 (an approximate 8.4 per cent. decrease after disregarding the decrease in NAV as a result of the payment of the 1p interim dividend to be paid on 18 October 2011), no significant change in the financial or trading position of the Company has occurred since 31 July 2011, the date to which the last unaudited financial statements have been published, to the date of this document.
- 9.4 There have been no significant factors, whether governmental, economic, fiscal, monetary or political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on the Company's prospects or which have materially affected the Company's income from operations so far as the Company and the Directors are aware.
- 9.5 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year, so far as the Company and the Directors are aware.
- 9.6 Lubbock Fine (a member of the Institute of Chartered Accountants in England and Wales) has given and has not withdrawn its written consent to the inclusion in this document of its report set out in Part IV of this document in the form and context in which it is included.
- 9.7 Howard Kennedy Corporate Services LLP and 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 this document in the form and context in which they appear.

- 9.8 The total costs and expenses of the Scheme are anticipated to be £212,000, including any irrecoverable value added tax, which will be split equally between the Company and Amati VCT 2. The costs of the Share Offers are 5 per cent. of the gross amount raised (including all fees and commissions payable). At full subscription the aggregate costs of the Share Offers and the Scheme are estimated to be £360,000.
- 9.9 Shareholders will be informed, by means of the interim and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 9.10 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies in this document. There are no firm commitments in respect of the Company's principal future investments.
- 9.11 All Shareholders have the same voting rights in respect of the share capital of the Company. The Company is not aware of any person who, directly or indirectly, exercises or could exercise control over the Company, nor of any arrangements, the operation of which, may be at a subsequent date result in a change of control of the Company.
- 9.12 PricewaterhouseCoopers LLP were auditors of the Company in relation to the annual reports for the years ended 31 January 2009 and 31 January 2010. PKF (UK) LLP were auditors of the Company in relation to the annual report for the year ended 31 January 2011. PKF (UK) LLP is registered to carry on audit work by the Institute of Chartered Accountants of England and Wales.
- 9.13 Other than the Directors, the Company has never had any employees. The Company has a subsidiary, Singer & Friedlander AIM 3 VCT Limited, created for the purpose of keeping the Singer & Friedlander AIM 3 VCT PLC name. The issued share capital is 1 share with the nominal value of £1 and is 100 per cent. owned by ViCTory VCT PLC. This company is in the process of being dissolved. With the exception of this company, the Company has never had any subsidiaries.
- 9.14 A typical investor is expected by the Directors to be an individual (not a corporate entity), who is aged 18 or over and pays UK income tax and who already owns a portfolio of non-VCT investments such as unit trusts/OEICs, investment trusts and shareholdings in listed companies. The individual should be willing to invest over the long term and be comfortable with higher risk investments, such as unquoted company shares. Such an individual is often classified as "retail" and may also be sophisticated. The investor should either have experience of such investments and/or seek advice from an appropriate financial adviser.
- 9.15 The Company does not have any material shareholders with different voting rights.
- 9.16 Application has been made for the admission of the Consideration Shares to be issued under the Scheme and the Offer Shares to be listed on the Official List and application will be made for the Consideration Shares and the Offer Shares to be admitted to trading on the London Stock Exchange's market for listed securities. A Regulatory Information Service announcement will be made following the Calculation Date stating the number of such Consideration Shares to be issued. Dealings may not commence in the Consideration Shares issued pursuant to the Scheme before notification of the number of Consideration Shares to be issued is given. Application has been made to the UKLA and to the London Stock Exchange for an amendment to the listing and trading line of Shares and Consideration Shares to reflect the Share Reconstruction. The Consideration Shares issued pursuant to the Scheme and the Offer Shares will be in registered form. If, following issue, recipients of Consideration Shares pursuant to the Scheme and the Offer Shares should wish to hold their Shares in uncertified form they should contact the Company's registrar.
- 9.17 The Company is subject to the investment restrictions relating to a venture capital trust in ITA 2007, as more particularly detailed in Part VIII of this document, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out on page 33 of this document; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10 per cent., in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of the Company will require the approval of Shareholders pursuant to the Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:

- 9.17.1 the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
 - 9.17.2 the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
 - 9.17.3 none of the investments at the time of acquisition will represent more than 15 per cent. by VCT Value of the Company's investments; and
 - 9.17.4 not more than 20 per cent. of the Company's gross assets will at any time be invested in the securities of property companies.
- 9.18 The Company and its Shareholders are subject to the provisions of the Takeover Code and the Act, which require shares to be acquired/transferred in certain circumstances.
 - 9.19 Had the Scheme been implemented on 31 July 2011, based on the relative unaudited net asset value of the Company as at that day and the unaudited net asset value of Amati VCT 2 on 31 May 2011 as at that day, 29,415,504 Consideration Shares would have been issued to Amati VCT 2 Shareholders representing 74.2 per cent. of the current issued share capital of the Company.
 - 9.20 DTR 5 of the Disclosure and Transparency Rules requires a Shareholder to notify the Company of the percentage of its shares he holds if such percentage reaches, exceeds or falls below 3 per cent. or subsequent 1 per cent. thresholds. The Company will make such information public, through a Regulatory Information Service.
 - 9.21 The Company is not regulated by the Financial Services Authority as an authorised person under the Financial Services and Markets Act 2000, but it is subject to regulation by HMRC under the VCT Rules in order to continue to qualify as a VCT.
 - 9.22 The custodian of the Company's AIM securities and cash deposits is Bank of New York Mellon SA/NV, which is authorised and regulated by the Financial Services Authority and whose address is London Branch, 160 Queen Victoria Street, London, EC4V 4LA.
 - 9.23 Certain information in this document relating to the Manager has been sourced from the Manager. The Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by the Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading.
 - 9.24 All material contracts of the Company will be in English and the Company and/or the Investment Manager will communicate with Investors and/or Shareholders in English.
 - 9.25 Valuation of investments – listed investments and investments traded on AIM will be stated at closing bid prices. Unquoted investments and investments traded on PLUS will be stated at fair value as determined by the Directors. In valuing unquoted investments, the Directors will follow a number of general principles in accordance with the latest venture capital industry guidelines.
 - 9.26 All material contracts of the Company will be in English and the Company and/or the Manager will communicate with Shareholders in English.
 - 9.27 Complaints about the Company or the Manager should be referred to the chairman of the Board at ViCTory VCT PLC, 27/28 Eastcastle Street, London W1W 8DH. Any such complaint may subsequently be referred to the Financial Ombudsman Service. Compensation will not be available from the Financial Services Compensation Scheme in the event of default by the Manager.
 - 9.28 Amati Global Investors Limited was incorporated and registered in Scotland on 15 September 1999 under the Companies Act 1985 with registered number SC199908 and is domiciled in Scotland. The registered office and principal place of business of Amati Global Investors Limited is 76 George Street, Edinburgh, Midlothian, EH2 3BU. Amati Global Investors Limited is authorised and regulated by the Financial Services Authority under number 198024.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

- 10.1 the Memorandum and Articles of the Company;
- 10.2 the audited statutory accounts of the Company for the three financial years ended 31 January 2009, 31 January 2010 and 31 January 2011, and the unaudited half-yearly accounts for the six months ended 31 July 2010 and 31 July 2011;
- 10.3 the audited statutory accounts of Amati VCT 2 for the three financial years ended 31 May 2009, 31 May 2010 and 31 May 2011;
- 10.4 the material contracts referred to in paragraph 5 above;
- 10.5 a draft of the Transfer Agreement;
- 10.6 the consents referred to in paragraphs 9.6 and 9.7 above;
- 10.7 the circular to Shareholders dated 28 September 2011;
- 10.8 the Amati VCT 2 Circular dated 28 September 2011;
- 10.9 the unaudited pro forma financial information together with a report from set out in Part IV of this document;
- 10.10 a copy of the contract for the off-market purchase of Deferred Shares (for the period of 15 days prior to the General Meeting and at the meeting itself); and
- 10.11 this document.

28 September 2011

PART X

TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME

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

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

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

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

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

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

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

Additional Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

PART XI

TERMS AND CONDITIONS OF THE SHARE OFFERS

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

1. The contract created by the acceptance of a subscription (in whole or in part) will be conditional on Admission of the Offer Shares conditionally allotted pursuant to the subscription becoming effective.
2. The contract created by the acceptance of applications under the Share Offers in the manner set out herein will be conditional on resolutions 1, 7 and 11 being passed at the General Meeting to be held at 2.00 pm on 31 October 2011.
3. The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt by the Receiving Agent and to retain share certificates and subscription monies, pending clearance of successful subscribers' cheques and bankers' drafts. The Company and its agents may treat subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions or not complying fully with these terms and conditions of subscription and the Company and its agents may, at their discretion, accept a subscription in respect of which payment is not received by the Company prior to the closing of the Share Offers. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these terms and conditions of subscription, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Offer Subscription Form where the subscriber has agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these terms and conditions of subscription. If any subscription is not accepted in full or any contract created by acceptance does not become unconditional, the subscription monies or, as the case may be, the balance thereof will be returned (without interest) in Sterling by returning each relevant subscriber's cheque or bankers' draft or by crossed cheque in favour of the subscriber, through the post at the risk of the person(s) entitled thereto. In the meantime, subscription monies will be retained by the Company in a separate account. The Company may require the subscriber to pay interest or its other resulting costs (or both) if the cheque or bankers' draft accompanying his or her application is not honoured on first presentation. If the subscriber is required to pay interest he or she will be obliged to pay the full amount determined by the Company to be the interest on the amount of the cheque or bankers' draft from the date on which such remittance is not honoured until the date of receipt of cleared funds. The rate of interest will be the then published base rate of a clearing bank selected by the Company plus 2 per cent. per annum.
 - (i) The right is reserved to change the basis of allocation under the Share Offers at the discretion of the Directors after consultation with Howard Kennedy Corporate Services LLP, and to reject in whole or in part and scale down and/or ballot any subscription or any part thereof. Subscriptions which are not accompanied by cheques available for immediate presentation or by other valid payment means will be dealt with at the Directors' discretion. If any dispute arises as to the date or time at or on which a subscription is received, the Directors' determination shall be final and binding.
 - (ii) The right is reserved for the Company to scale down the number of Offer Shares available for subscription under the Share Offers at any time prior to the closing of the Share Offers.
 - (iii) The Company reserves the right to change the stated closing date of the Share Offers to an earlier date than 5 April 2012 in respect of the 2011/2012 Offer and 10 September 2012 in respect of the 2012/2013 Offer.
 - (iv) The Company reserves the right to accept Offer Subscription Forms and to allot and arrange for the listing of Offer Shares in respect of applications received under the Share Offers on or prior to the stated closing date of the Share Offers as the Directors see fit.
4. By completing and delivering an Offer Subscription Form, you as the subscriber (and, if you sign the Offer Subscription Form on behalf of somebody else, that person, except as referred to in paragraph (4) (xx) below):
 - (i) offer to subscribe for the number of Offer Shares as will be determined by the amount specified in your Offer Subscription Form (or such lesser number for which your Subscription is accepted) divided by the price of the Offer Shares resulting from the application of the Pricing Formula on

the terms, and subject to the conditions, set out in the Prospectus including these terms and conditions, and subject to the Articles of the Company;

- (ii) agree that, in consideration of the Company and its agents agreeing to process your application, your subscription will not be revoked until after (in the case of a subscription in respect of the 2011/2012 Offer) 5 April 2012 and (in case of a subscription in respect of the 2012/2013 Offer) 10 September 2012 and that this paragraph shall constitute an irrevocable collateral contract between you and the Company and its agents which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Offer Subscription Form; provided that, in the event that a supplementary prospectus is required to be published, you may be entitled to withdraw within two working days of the publication of the supplementary prospectus in accordance with section 87Q of the FSMA;
- (iii) agree and warrant that your cheque or bankers' draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify the Company, Howard Kennedy Corporate Services LLP and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to allocate Offer Shares to you, without liability to you, and may issue or allot such Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your Offer Subscription Form without interest;
- (iv) agree that in respect of those Offer Shares for which your subscription has been received and is not rejected, your subscription may be accepted at the election of the Company either by notification to the UK Listing Authority of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
- (v) agree that the Company will hold any monies in respect of your subscription together with other monies received in respect of all subscriptions on trust for the payment of Offer Shares you have subscribed for or failing such payment to be returned to you without interest and that any interest earned in respect of such monies will be paid to the Company;
- (vi) agree that any share certificate to which you may become entitled and any monies refundable to you may be retained by the Company pending clearance of your remittance and any investigation of any suspected breach of these terms and conditions of subscription and pending any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 as amended, updated, replaced or superseded from time to time that and such monies will not bear interest;
- (vii) authorise The City Partnership (UK) Limited as Registrar on behalf of the Company to send share certificate(s) in respect of the Offer Shares for which your subscription is accepted and/or a crossed cheque for any monies returnable by post without interest to your address set out in the Offer Subscription Form and to procure that your name is placed on the register of members of the Company in respect of such Offer Shares;
- (viii) agree that all subscriptions, acceptances of subscriptions and contracts resulting therefrom under the Share Offers shall be governed by and construed in accordance with English law, and that, for the benefit of the Company, Howard Kennedy Corporate Services LLP and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English Courts and agree that nothing shall limit the right of the Company or Howard Kennedy or the Receiving Agent to bring any action, suit or proceeding arising out of or in connection with any such subscriptions, acceptances of subscriptions and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (ix) confirm that, in making such subscription, you are not relying on any information or representation in relation to the Company and the Offer Shares other than the information contained in the

Prospectus (as may be supplemented by a supplementary prospectus), or any part thereof and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such other information or representation and you acknowledge that no person is authorised in connection with the Share Offers to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;

- (x) irrevocably authorise the Receiving Agent and/or Howard Kennedy Corporate Services LLP or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any Offer Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent or Howard Kennedy Corporate Services LLP to execute and/or complete any document required therefor;
- (xi) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and statements concerning the Company and the Offer Shares contained therein;
- (xii) confirm that you have reviewed the restrictions contained in paragraphs 5 and 6 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933, as amended, nor a resident of Canada, Australia or Japan and that you are not applying for any Offer Shares with a view to their offer, sale or delivery to or for the benefit of any US person or a resident of Canada, Australia or Japan;
- (xiii) agree that all documents and cheques sent by post, by or on behalf of the Company or the Receiving Agent will be sent at the risk of the person entitled thereto;
- (xiv) agree on request by the Company or Howard Kennedy Corporate Services LLP or the Receiving Agent on behalf of the Company to disclose promptly in writing to any of them such information as the Company or Howard Kennedy Corporate Services LLP or the Receiving Agent may reasonably request in connection with your subscription including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2007 as amended, updated, replaced or superseded from time to time and authorise the Company, Howard Kennedy Corporate Services LLP and the Receiving Agent to retain and disclose any information relating to your subscription as it considers appropriate;
- (xv) agree that Howard Kennedy Corporate Services LLP will neither treat you as its customer by virtue of your subscription being accepted nor owe you any duties or responsibilities concerning the price of the Offer Shares or the suitability for you of Offer Shares or be responsible to you for providing the protections afforded to its customers;
- (xvi) declare that the Offer Subscription Form has been completed to the best of your knowledge and that the details relating to you as set out in your Offer Subscription Form are correct;
- (xvii) undertake that you will notify the Company if you are not, or cease to be, either a Qualifying Subscriber or beneficially entitled to the Offer Shares;
- (xviii) declare that a loan has not been made to you or any associate of you, which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, Offer Shares and that the Offer Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
- (xix) declare that you are aged 18 or over on the date of your application;
- (xx) warrant that, if you sign the Offer Subscription Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authorities contained herein and undertake to enclose your power of attorney (or a copy thereof duly certified by a solicitor or bank) with the Offer Subscription Form;
- (xxi) agree that a failure to receive, process or accept your application for Offer Shares does not give rise to any right of action by any person against the Company, Howard Kennedy Corporate Services LLP, the Receiving Agent or any other person;

- (xxii) agree that any error in the register of members of the Company arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for Offer Shares, or as a result of termination or avoidance of any agreement to allocate Offer Shares pursuant to these terms and conditions of subscription may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of Offer Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Company and/or the power to re-allocate or sell Offer Shares contained in this paragraph are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these terms and conditions of Subscription;
 - (xxiii) agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefor, any agreement with you to allocate Offer Shares may be terminated and, in such case, the Offer Shares which would otherwise have been allocated to you may be re-allocated, and your application monies will be returned to the bank or other account on which the cheque or bankers' draft accompanying your Offer Subscription Form was drawn without interest;
 - (xxiv) agree that you are not applying on behalf of a person engaged in money laundering;
 - (xxv) undertake to pay interest at the rate prescribed in paragraph 3 above if the remittance accompanying your Offer Subscription Form is not honoured on first presentation;
 - (xxvi) agree that your Offer Subscription Form is addressed to the Company, Howard Kennedy Corporate Services LLP and the Receiving Agent; and
 - (xxvii) agree that you will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your subscription (provided that this does not affect any other right you may have).
5. No person receiving a copy of the Prospectus or an Offer Subscription Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Offer Subscription Form unless in the relevant territory such an invitation or offer could lawfully be made to him or such Offer Subscription Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make a subscription to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.
6. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended. No subscription will be accepted if it bears an address or post mark in the USA.
7. Dealings prior to the issue of certificates for Offer Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that a subscription may not have been accepted to the extent anticipated or at all.

Authorised financial intermediaries who, acting on behalf of their clients, return valid Offer Subscription Forms bearing their name and FSA number will be paid either of the following, based on the amount paid in respect of the Offer Shares allocated for each such Offer Subscription Form:

- (i) initial commission from the Company of up to 3.00 per cent. and no trail commission; or
- (ii) initial commission from the Company of up to 2.25 per cent. and an annual trail commission of up to 0.375 per cent, (limited to five years) which will be paid by the Manager.

The Directors reserve the right to negotiate bespoke commission arrangements with particular distributors where they believe it is in the interests of the Company to do so, anticipated not to exceed 3.5 per cent. in respect of initial commission. Shareholders investing in the Share Offers are entitled to receive a rebate of up to 3% of the amount subscribed, less any commission payable to an intermediary, which will be

reinvested in the Company through application for additional Offer Shares under the Share Offers (with the number of Offer Shares being rounded down to the nearest whole number).

The Manager will pay annual trail commission of 0.375 per cent., limited to five years, or such other commission as agreed by the Manager (where the trail commission option has been chosen by authorised financial intermediaries) of the net asset value attributable to financial intermediaries' clients' holdings. Trail commission is expected to be calculated annually based on holdings at the Company's year end date and paid annually in May of each year following the publication of the year end accounts of the Company, or as otherwise determined by the Manager (the first such payment being expected to be made in May 2012). In calculating the trail commission a quarter of the annual rate shall be applied to each quarter end's NAV per Share, and this shall be multiplied by the relevant number of Shares held by a financial intermediary's client. The Manager will be entitled to rely on a notification from an investor that he has changed his adviser, in which case the trail commissions will cease to be payable. In the event of the termination of the Manager's appointment as investment manager to the Company, any continued obligation of the Manager to pay further annual trail commissions will also terminate, The Manager's calculation of trail commissions shall be conclusive.

8. Authorised financial intermediaries may agree to waive part or all of their commission in respect of an application and authorise the Company to apply an amount equal to the amount of commission that would otherwise be payable to the authorised financial intermediary in a subscription for further Ordinary Shares in the Company for the account of their clients. If this is the case, then such application will be treated as an application to apply for the number of Offer Shares as determined by the amount stated in Box 1 of the Offer Subscription Form, together with a number of additional Offer Shares as determined by the amount of commission waived, which waived commission will be applied in paying for such Offer Shares. No commission will be paid in respect of such additional Offer Shares. Financial intermediaries should keep a record of Offer Subscription Forms submitted bearing their stamp to substantiate any claim for introductory commission. Claims for introductory commission must be made and substantiated on subscription.
9. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Offer Shares and the Share Offers.
10. The rights and remedies of the Company and its agents under these terms and conditions of subscription are in addition to any rights and remedies which would otherwise be available to them and the exercise of partial exercise of one will not prevent the exercise of others.
11. If any court or competent authority finds that any provision in these terms and conditions (or part of any provision is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of these terms and conditions shall not be affected.
11. Completed Offer Subscription Forms, together with payment, must be returned by post or by hand to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF so as to be received by 5.00 pm on 5 April 2012 in respect of the 2011/2012 Offer and 5.00 pm on 10 September 2012 in respect of the 2012/2013 Offer. Multiple subscriptions by investors are permitted in relation to each of the 2011/2012 Offer and the 2012/2013 Offer.

PART XII

TERMS AND CONDITIONS OF ENHANCED SHARE BUY BACK AND REINVESTMENT FACILITY

1. Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions of the ESBBF set out below and in the ESBBF Application Forms.
2. The availability of the ESBBF is subject to the passing by Shareholders of resolutions 1, 7, 8 and 11 (as set out in a circular to Shareholders dated 28 September 2011) at the General Meeting.
3. Subject to these terms and conditions, the ESBBF provides the opportunity for all Shareholders to sell all or a proportion of their holdings of Shares in the Company and use the resulting proceeds of sale to subscribe for Offer Shares under the Share Offers.
4. The ESBBF will be made available on a first come first served basis. There may be several months between the receipt of the ESBBF Application Forms and the purchase of the Shares and the issue of Offer Shares, which will be done as soon as is practicable following their receipt. No guarantee can be given as to which tax year the issue of Offer Shares will be made in, which will be determined by when the Company is in a position to complete the share buy backs.
5. The purchase of Shares pursuant to the ESBBF is subject to the following conditions:
 - (a) that Shareholders must irrevocably authorise the use of the proceeds of sale of the Shares under the ESBBF to subscribe for Offer Shares under the Share Offers;
 - (b) that any Shares acquired under the Share Offers cannot be offered for sale under the ESBBF;
 - (c) that Shares will only be acquired subject to applicable legislation and regulations governing the Company, market conditions at the relevant time and the Company having both funds and distributable reserves available for the purpose for such acquisition; and
 - (d) that the making and timing of any buy back of Shares will remain at the absolute discretion of the Board.
6. If at any time prior to the ESBBF Closing Date (as defined in paragraph 8 below) there shall occur any change in the financial position or prospects and/or circumstances of the Company or there shall occur any change in national or international, financial, economic, political, fiscal, or market conditions, or any change in the rules governing VCT Relief or HMRC interpretation thereof which, in the opinion of the Company (acting in its absolute discretion), renders the ESBBF temporarily or permanently impracticable or inadvisable (taking into account the background to and reasons for the ESBBF) the Company shall be entitled to determine that the ESBBF is terminated and that any Shares previously offered for sale under the ESBBF (the acquisition of which has not been completed) shall not be acquired. If it is determined that the ESBBF is terminated, it shall cease and determine absolutely and the Company shall, as soon as practicable thereafter, make an appropriate announcement to a Regulatory Information Service of that fact and notify those Shareholders in writing who have offered Shares (the acquisition of which has not been completed) that such Shares will not be acquired.
7. If a Shareholder wishes to participate in the ESBBF the completed and signed ESBBF Application Forms, together with his share certificates and/or other documents of title in respect of the Shares he wishes to sell, should be posted (or delivered by hand during normal business hours only) to The City Partnership (UK) Limited, of Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF (who will also act as Receiving Agent in relation to the Share Offers) as soon as possible and in any event so as to be received by the Receiving Agent by the ESBBF Closing Date after which time ESBBF Application Forms will not be valid (subject to certain exceptions described below). If an ESBBF Application Forms are being sent by first-class post in the UK, Shareholders are recommended to allow at least four Business Days for delivery. Acknowledgement of receipt of documents will be given. The instructions printed on the ESBBF Application Forms shall be deemed to form part of the terms and conditions of the ESBBF.
8. Applications for the ESBBF should be submitted before 3.00 pm on 5 September 2012 (the "ESBBF Closing Date") and no applications that are received after that time will be accepted unless the Company and Brewin Dolphin (or any other broker the Company may appoint for this purpose) (the "Broker"), in their sole and absolute discretion, shall have extended the period during which the ESBBF is open, in which event the term "ESBBF Closing Date" shall mean the latest time and date at which the ESBBF, as so extended by the Company and the Broker, shall close. The Broker shall notify the Receiving Agent of any extension of the ESBBF Closing Date by oral or written notice and shall notify the holders of Shares of such extension by public announcement not later than 8.30 am on the Business Day next following the ESBBF Closing Date.

9. The price at which shares will be bought back under the ESBBF will be at a 1 per cent. discount to the most recently published Net Asset Value (“NAV”) per Share prior to the allotment (rounded down to the nearest 0.01p per Share).
10. The subscription price for Offer Shares applied for under the ESBBF will be the Offer Price as set out in the Prospectus (with the Company rebating 3 per cent. of the subscription value through an allocation of additional Offer Shares to Shareholders at the Offer Price (with the number of Offer Shares being rounded down to the nearest whole number). The terms and conditions set out in Part XI of the Prospectus will apply in relation to the application for Offer Shares made pursuant to the ESBBF.
11. Settlement of the consideration owed by a Shareholder for Offer Shares issued under the Share Offers (“Amounts Owed”) will be made by way of setting off the Amounts Owed by him against amounts due to that Shareholder in respect of his sale of existing Shares under the terms of the ESBBF (“Amounts Due”) in accordance with procedures agreed between the Company and HMRC.
12. The Broker will act as agent for existing Shareholders for the purpose of setting off all Amounts Owed from all Amounts Due.
13. The Receiving Agent will process applications to sell Shares under the ESBBF first so that contractual obligations in respect of Amounts Due under the ESBBF will crystallise before contractual obligations under the Share Offers, but this will be done subject to the condition subsequent that the Shareholder’s application to use all proceeds from the sale of his Shares shall be used for the purchase of Offer Shares under the Share Offers is also accepted as valid by the Company.
14. Contemporaneously with an acceptance by the Company of ESBBF Application Forms from a Shareholder to subscribe for Offer Shares under the Share Offers, Amounts Owed by that Shareholder will be automatically reduced by Amounts Due to him under the ESBBF.
15. If a Shareholder holds Shares in certificated form he may only apply for the sale of such Shares by completing and returning the ESBBF Application Forms (together with the share certificate for such holdings) to the Receiving Agent.
16. If a Shareholder hold Shares in certificated form but under different designations, he should complete separate ESBBF Application Forms in respect of each designation. Additional ESBBF Application Forms are available from the Receiving Agent.
17. If a Shareholder hold Shares in uncertificated form (that is, in CREST), he may only apply for the sale of such Shares if such shares have been de-materialised back into the Shareholder’s name.
18. Existing Shareholders should note that applications, once made, will be irrevocable.
19. If a Shareholder wishes to apply for the sale of Shares under the ESBBF he should complete the ESBBF Application Forms in accordance with the instructions printed on them.
20. The Company, the Broker and The City Partnership (UK) Limited accept no responsibility for any instruction that does not comply with these terms and conditions.
21. If your Shares are in certificated form but your share certificates and/or other documents of title is/are not readily available or are lost, the ESBBF Application Forms should nevertheless be completed, signed and returned as described above so as to be received before the ESBBF Closing Date.
22. If a Shareholder has lost his share certificates and/or other documents of title, he should write to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF.
23. The delivery of share certificates for Shares and all other required documents and all remittances will be at the risk of the relevant Shareholder.
24. Shareholders should note that no settlement under the ESBBF (and the related application for subscription of Offers Shares) and the Shares Offers will be made until satisfactory documentation has been received as described above.
25. If a Shareholder is a CREST sponsored member, he should refer to his CREST sponsor before taking any action.
26. The settlement of the consideration for Shares purchased pursuant to the ESBBF will be made only after timely receipt by the Receiving Agent of share certificates and/or other documents of title, a properly completed and duly executed ESBBF Application Forms and any other documents required.

27. If the ESBBF is terminated or declared void for any reason, or if any existing Shares offered to be sold under the ESBBF are not purchased for any reason, all documents lodged by Shareholders pursuant to the ESBBF will be returned or sent as promptly as practicable without expense to, but at the risk of, the relevant Shareholder.
28. Shares purchased pursuant to the ESBBF will be acquired free of all liens, charges, restrictions, claims equitable interests and encumbrances and together with all rights attaching thereto. Shares purchased by the Company will be cancelled and will not be available for reissue.
29. If a Shareholder is in any doubt as to the procedure for acceptance, please contact the Receiving Agent.
30. Each Shareholder by whom, or on whose behalf, the ESBBF Application Forms are executed irrevocably undertakes, represents, warrants and agrees to and with the Company and the Broker, so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect:
 - (a) that the execution of the ESBBF Application Forms shall constitute an irrevocable offer to sell the total number of Shares inserted or deemed to be inserted in Box 2 of the relevant ESBBF Application Form (the blue form) on and subject to the terms and conditions set out or referred to in these terms and conditions and the ESBBF Application Form;
 - (b) that such Shareholder has full power and authority to sell, assign or transfer the Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased, the Company will acquire such Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all the rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;
 - (c) that the execution of the ESBBF Application Forms will, upon acceptance of such irrevocable offer, constitute the irrevocable appointment of any director of, or other person nominated by the Broker as such Shareholder's attorney and agent ("attorney"), and an irrevocable instruction to the attorney, to complete and execute all or any contracts and/or other documents at the attorney's discretion in relation to the purchase of Shares by the Company and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the ESBBF;
 - (d) that such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected by the Broker or any of its directors or any person nominated by the Broker in the proper exercise of its or his or her powers and/or authorities hereunder;
 - (e) that in respect of Shares held in certificated form, such Shareholder will deliver to the Receiving Agent their share certificates and/or other documents of title in respect of the Shares, or an indemnity acceptable to the Broker in lieu thereof, or will procure the delivery of such documents to such person as soon as possible after and, in any event, before the ESBBF Closing Date;
 - (f) that such Shareholder shall do all such acts and things as shall be necessary and execute any additional documents deemed by the Company to be desirable to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
 - (g) that the execution of an ESBBF Application Forms constitute irrevocable authorisations and requests (if the existing Shares concerned are in certificated form) to the Company to procure that settlement occurs on the basis described in paragraph 11 of these terms and conditions; and
 - (h) that such Shareholder is not resident or ordinarily resident in, or a citizens of, or a corporation, partnership or other entity created or organised under the laws of countries other than the United Kingdom or a person who is a nominee of or custodian, trustee or guardian for citizens, residents in or nationals of, countries other than the United Kingdom.
31. All powers of attorney and authorities conferred by or referred to in these terms and conditions are given by way of security for the performance of the obligations of those Shareholders who have offered to sell their Shares in accordance with Section 4 of the Powers of Attorney Act 1971.
32. The ESBBF, and all ESBBF Application Forms and all contracts resulting therefrom, shall be governed by and construed in accordance with English law. Execution on behalf of a Shareholder of ESBBF Application Forms constitute his or her submission, in relation to all matters arising out of or in connection with the ESBBF, and the ESBBF Application Forms, to the jurisdiction of the English courts.

33. References in these terms and conditions to a holder of Shares or a Shareholder shall include references to the person or persons executing ESBBF Application Forms and, in the event of more than one person executing the ESBBF Application Forms, the provisions of this paragraph shall apply to them jointly and to each of them.
34. The Company and the Broker reserve the absolute right to inspect (either themselves or through their agents) all ESBBF Application Forms, and may consider void and reject any ESBBF Application Forms that does not in the sole judgment of the Company and the Broker meet the requirements of the ESBBF. None of the Company, the Broker, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in ESBBF Application Forms or correct any liability for failure to give any such notification.
35. The Company and the Broker reserve the right, in their sole discretion, to treat as valid in whole or in part any ESBBF Application Forms that is not entirely in order or that is not accompanied by the relevant share certificates and/or other documents of title. In that event, however, settlement will only occur when the ESBBF Application Forms are entirely in order, and the relevant share certificates and/or other documents of title or indemnity (to the satisfaction of the Company and the Broker) have been received.
36. ESBBF Application Forms which are received in respect of Shares held in uncertificated form will not constitute valid application forms and will be disregarded.
37. The terms and conditions of the ESBBF are as set out in this part of the Prospectus and the ESBBF Application Forms only. No other terms apply.
38. The courts of England and Wales have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the ESBBF, this document or the ESBBF Application Forms including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the ESBBF, these terms and conditions or the ESBBF Application Forms. By offering Shares in accordance with such provisions, Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.
39. All enquiries in connection with the procedure for application and completion of the ESBBF Application Forms should be addressed to The City Partnership (UK) Limited, on 0131 202 1895. Please note that the Receiving Agent cannot provide financial or legal advice on the merits of the ESBBF or as to whether applicants should sell their Shares pursuant to the ESBBF.
40. The distribution of the Prospectus and the ESBBF Application Forms and the making of the ESBBF available to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to sell their Shares under the ESBBF.
41. No action has been or will be taken by the Company, the Broker or any other person, to permit a public offering or distribution of the Prospectus or the ESBBF Application Forms (or any other offering or publicity materials or application form(s) relating to the tendering of existing Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.
42. The making available of the ESBBF in, or to certain persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom may be affected by the laws of the relevant overseas jurisdiction. Shareholders who are citizens, residents or nationals, of other countries should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents that may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for payment of any such issue, transfer or other taxes or other requisite payments due by whomsoever payable and the Company and the Broker and any person acting on either's behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes as such person may be required to pay.

FREQUENTLY ASKED QUESTIONS

MERGER

1. How do I exercise my right to vote for or against the Merger and other resolutions?

Shareholders in ViCTory and Amati VCT 2 should vote either by attending the relevant general meeting in person or using the Form of Proxy which is contained within their respective circular (enclosed with this Prospectus).

Shareholders can choose to vote for or against each resolution or choose to withhold their vote. Completion and return of the Form of Proxy does not preclude a shareholder from subsequently attending the relevant general meeting and voting in person.

2. What happens if I choose not to return the Form of Proxy?

Nothing. However, as you will not have voted on the resolutions your preferences will not have been taken into account and you will be carried by the majority vote. As stated in each circular, your directors recommend that you vote in favour of the resolutions.

3. Why is ViCTory undertaking a Share Reconstruction to give the ViCTory Shares a net asset value per Share of 100p?

The proposals for the Merger and Share Offers are aimed at re-launching ViCTory, and the Share Reconstruction makes it easier for shareholders to monitor the performance of their investment from this point onwards.

4. Why is the name of ViCTory being changed to “Amati VCT 2 plc”?

In common with the other funds managed by Amati Global Investors, it is proposed that the merged VCT should contain the name “Amati” to be consistent and to underline the relationship between ViCTory and the Manager.

5. If the Merger and the Share Reconstruction proceeds will I be sent a new share certificate?

Yes, both ViCTory Shareholders and Amati VCT 2 Shareholders will receive new share certificates in ViCTory. The old share certificates held by ViCTory shareholders will cease to be valid. The old share certificates held by Amati VCT 2 Shareholders will remain valid, but will in effect be worthless.

SHARE OFFERS

6. When can I apply to invest in the Share Offers?

The Share Offers are open now, and run until 10 September 2012. If you wish to subscribe for Offer Shares during the 2011/12 tax year you must ensure that your correctly completed application reaches The City Partnership (UK) Limited by 5.00pm on 5 April 2012. The minimum investment is £2,000 under each of the Share Offers.

7. How do I apply to invest in the Share Offers?

You need to follow the instructions on page 97 and complete the Offer Subscription Form on page 99 of the Prospectus. You are advised to seek advice from an independent financial adviser before investing.

8. I am an existing Shareholder in ViCTory (or will become one as a result of the Merger) and I wish to subscribe for Offer Shares under the Share Offers. What costs do I pay?

Subscription monies are invested at price per Offer Share which takes in to account 5 per cent. issue costs incurred by ViCTory, and makes allowance for commission payments to intermediaries. However, existing Shareholders investing in the Share Offers are entitled to receive a rebate of 3 per cent. of the amount subscribed, less any commission payable to an intermediary, which will be reinvested in ViCTory through application for additional Offer Shares.

Please tick the box in section 2 of the Offer Subscription Form in order to show that you are eligible for this rebate.

DIVIDEND REINVESTMENT SCHEME

9. How do I elect to join the Dividend Reinvestment Scheme?

You simply need to complete sections 2, 3 and 5 of the Offer Subscription Form in the Prospectus. You do not have to be applying for Offer Shares under the Share Offers to elect for your existing shares to join the Dividend Reinvestment Scheme. Alternatively, send a signed letter clearly stating your name, address and how many Shares you hold in ViCTory, requesting that you join the Dividend Reinvestment Scheme. You can also join the DRIS if you are taking part in the Enhanced Share Buy Back and Reinvestment Facility and complete section 5 of the blue form.

ENHANCED SHARE BUY BACK AND REINVESTMENT FACILITY:

10. Who should consider using the Enhanced Share Buy Back and Reinvestment Facility?

No Shareholder in ViCTory is still subject to a minimum holding period for income tax relief purposes. Those who expect to be taxpayers in the UK should consider using the facility (including Amati VCT 2 Shareholders who receive shares in ViCTory after the Merger has taken effect). Those who do so will be selling their existing shares and making a new investment in ViCTory, and will be able to claim income tax relief on the value of the investment in these new Offer Shares, subject to their tax status, which will be subject to holding the Offer Shares for five years. Investors should note that VCT income tax relief is subject to an investment limit of £200,000 in each tax year. ViCTory Shareholders should also note that in selling their original Shares, any Capital Gains Tax deferral relief which they utilised when they bought their Shares will be lost. If in any doubt, Shareholders should seek advice from an independent financial adviser.

11. What is the cost of taking part in the Enhanced Share Buy Back and Reinvestment Facility?

The cost is 3.2 per cent., and this is paid for from the proceeds of the sale of the Shareholder's existing shareholding. Shares are bought back at a 1 per cent. discount to the most recently published NAV per Share prior to the allotment. The proceeds are then used to re-invest in the Share Offers which are priced at NAV per Share divided by 0.95 (to take into account 5 per cent. issue costs), with 3 per cent. of the value of the subscription being rebated and used to apply for additional Offer Shares at this price.

12. Which forms do I complete if I wish to participate in the Enhanced Share Buy Back and Reinvestment Facility?

You should complete both the yellow form and the blue form which were sent to ViCTory Shareholders with this Prospectus. If you do not have these, or would like replacements, please contact City Partnership. The yellow form relates the sale of your existing shares. The blue form relates to the application for Offer Shares using the proceeds from the sale of your existing shares. These forms will need to be returned together with the relevant share certificates. Amati VCT 2 Shareholders will receive the forms after the Merger is implemented.

13. Do I have to wait to be sent my new share certificate before I can participate in the Enhanced Share Buy Back and Reinvestment Facility?

If you are a ViCTory shareholder you will receive a new share certificate in November 2011 following the Share Reconstruction. However, Shareholders can apply for the Enhanced Share Buy Back and Reinvestment Facility before this date with their current share certificate. If Shareholders apply with their existing share certificate after the new one has been sent out, they will be asked to return the new share certificate before the forms can be processed.

If you are an Amati VCT 2 Shareholder, you can participate in the Enhanced Share Buy Back and Reinvestment Facility once the Scheme has taken effect and you have received your new share certificate.

14. What do I do if I want to participate but I have lost my original share certificates?

If Shareholders have lost their share certificates they should contact The City Partnership (UK) Limited, the Company Secretary of ViCTory on 0131 202 1895, who will send them a form of indemnity. The proposed changes to the Articles mean that this form no longer requires countersignature from a bank. When a shareholder has completed and returned this form the registrars will be instructed to issue replacement share certificates. Alternatively this form of indemnity can be sent with the yellow and blue forms in lieu of a share certificate.

15. If I apply for the Enhanced Share Buy Back and Reinvestment Facility now how long will it be before it takes effect and I am issued with my Offer Shares?

ViCTory will endeavour to process applications as soon as practicable. There are a number of constraints that will affect the timing. ViCTory will only be able to allot Offer Shares when it has a sufficient number of applicants to justify the cost of the allotment. If there is heavy demand then ViCTory may need to restructure its reserves so as to increase the level of distributable reserves, or it may need to renew its buy back authority through a shareholder vote. Both of these would take time and cause a significant delay in processing further applications. Therefore ViCTory does not guarantee any specific time frame for dealing with applications, but will at all times use its best efforts to deal with them in a timely manner.

16. Can I choose the tax year that my Offer Shares are allotted in?

No, for the reasons set out in answer to the previous question. If you wish the allotment to be in tax year 2011/12 you are encouraged you to submit the forms as early as possible.

17. Can I subscribe for additional Offer Shares under the Share Offers as well as participating in the Enhanced Share Buy Back and Reinvestment Facility ?

Yes. If you wish to do so, you should apply using the Offer Subscription Form contained on page 99 of the Prospectus in the normal way, following the instructions which precede it. There is no need to do this at the same time as completing the blue and yellow forms. All forms that you do complete, including the Form of Proxy, can be returned to The City Partnership (UK) Limited in the envelope provided.

18. Who can witness my forms?

The forms can be witnessed by anybody over the age of 18, including family members.

19. What should I do if my shares are held in a Nominee Account and I wish to use the Enhanced Share Buyback and Reinvestment Facility?

You should contact the administrator of the Nominee Account and request that the shares are transferred back into your own name in certificated form, prior to applying.

20. Who should I call if I have any further questions?

For investment advice you should speak to your independent financial adviser. For any other matters please contact the Company Secretary and Receiving Agent, The City Partnership (UK) Limited, on 0131 202 1895, or by email at vct-enquiries@amatiglobal.com.

NOTES ON HOW TO COMPLETE THE OFFER SUBSCRIPTION FORMS

Notes on how to complete the Offer Subscription Form

The following notes should be read in conjunction with the Offer Subscription Form and the Terms and Conditions of the Share Offers. Save where the context otherwise requires, words and expressions defined in the Prospectus dated 28 September 2011 have the same meanings when used in these notes

Before making an application to acquire Offer Shares you are strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. It is essential that you complete all parts of the Offer Subscription Form in accordance with the instructions in these notes. Please send the completed Offer Subscription Form, together with your cheque or bankers' draft by post, or deliver it by hand, to The City Partnership (UK) Limited, 21 Thistle Street, Edinburgh EH2 1DF.

If you have any questions on how to complete the Offer Subscription Form please contact The City Partnership (UK) Limited on 0131 202 1895 or your independent financial adviser.

Section 1:

Insert (in figures) the amounts you are applying to invest in the Share Offers in the relevant Boxes (state nil if appropriate). **You may post-date your cheque (prior to the closing date of the Shares Offers) if you elect the tax year 2012/2013.** Please add the total sum subscribed in the final box.

Section 2:

Insert in BLOCK CAPITALS your full name, permanent address, daytime telephone number, date of birth, National Insurance number and, if you have one, your email address. Joint applications are not permitted.

Section 3:

Read the declaration and sign and date the Offer Subscription Form in Section 3. If someone other than the applicant named in Box 2 signs on such applicant's behalf, such signatory must ensure that the declaration given on behalf of such applicant is correct.

Section 4:

Authorised intermediaries who are entitled to receive commission should stamp and complete Section 4, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold payment of commission if the Company is not, at its sole discretion, satisfied that the agent is so authorised. Intermediaries should indicate which commission option they prefer by ticking one of the boxes. Intermediaries can choose to waive some or all of their upfront commission, which will be invested in additional Offer Shares for their clients.

Section 5:

Please tick the box in Section 5 if you wish to take part in the Dividend Reinvestment Scheme.

Section 6:

If you wish to have your dividends paid directly into a bank or building society please complete the dividend mandate and sign where indicated.

Further Notes

Please note that the minimum investment is £2,000 under each of the Share Offers. The maximum investment, on which tax reliefs on investments in VCTs are available, is £200,000 in each of the 2011/12 and 2012/13 tax years. Please attach your **cheque or bankers' draft** to the Offer Subscription Form for the exact amount shown in Section 1. Your cheque or bankers' draft must be made payable to "**ViCTory VCT PLC Offer Account**" and crossed "**A/C Payee only**". Your payment must relate solely to this Offer Subscription Form. No receipt will be issued.

Money Laundering Regulations 2007 (the “ML Regulations”) – Important note for applications of £11,000 or more

If the value of the Offer Shares applied for is £11,000 or more (or is one of a series of linked applications, the value of which exceeds that amount) payment should be made by means of a cheque drawn on an account in the name of the applicant. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or bankers’ draft, you should write the name, address and date of birth of the applicant on the back of the cheque or bankers’ draft and:

- (a) if a building society cheque or bankers’ draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- (b) if a cheque is drawn by a third party, you must ensure that one item from each of List A and List B (see below) is enclosed with the form.

Alternatively, verification of the applicant’s identity may be provided by means of a “Letter of Introduction” in the prescribed form from a UK or European Economic Area financial institution (such as a bank or stockbroker) or other regulated person (such as a solicitor, accountant or appropriate independent financial adviser) who is required to comply with the ML Regulations. The relevant financial institution or regulated person will be familiar with the requirements and the relevant form.

For applications of £11,000 or more and subscription by way of a cheque drawn by a third party

(one item from List A **AND** one item from List B)

List A (Verification of Identity)

Current signed passport
Current UK Driving Licence
HM Revenue and Customs Tax Notification
Firearms Certificate

List B (Verification of Address)

Recent* utility bill (but not a mobile telephone bill)
Recent* local authority tax bill
Recent* bank or building society statement
Recent* mortgage statement from a recognised lender

Please send original (not passport or driving licence) or certified copies of the documents. Certified as a true copy of the original by a UK lawyer, banker, authorised financial intermediary (e.g. financial adviser or an FSA authorised mortgage broker), accountant, teacher, doctor, minister of religion, postmaster or sub-postmaster. The person certifying the document should state that the copy is a true copy of the original, print their name, address, telephone number and profession and sign and date the copy. *“Recent” means within the last three months.

No Money Laundering verification is required to be enclosed if the application is for less than £11,000 or if payment is by means of a cheque drawn on an account in the name of the applicant (provided that

(a) the cheque includes details of the applicant’s bank account or building society account (as applicable) and (b) the cheque is drawn on a UK or European Union authorised bank or credit institution). Please note, however, that ViCTory VCT PLC may, in its absolute discretion, require Money Laundering verification and that Money Laundering verification will be required by introducing financial advisers.

Receipt of applications will be acknowledged to both applicants and their intermediaries.

ViCTory VCT PLC Offer Subscription Form

Pin or staple your
cheque(s)
and/or banker's
draft(s) here.

If you are in any doubt about the action you should take you are recommended to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

IMPORTANT: before completing this form please read the Terms and Conditions of the Share Offers and the accompanying notes (both as set out in the set out in the prospectus of the Company dated 28 September 2011 (the "Prospectus")).

PLEASE USE BLOCK CAPITALS TO COMPLETE THIS FORM.

The 2011/12 Offer closes at 5.00 pm on 5 April 2012 (or earlier if the maximum subscription has been reached). The 2012/13 Offer closes at 5.00 pm on 10 September 2012 or such later date as the Directors may determine in their absolute discretion (but not beyond 27 September 2012).

Make your cheque or banker's draft out to "ViCTory VCT PLC Offer Account" and cross it with the words "A/C payee only". Return this form by post or by hand (during normal business hours) to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 IDF.

1

I offer to subscribe the following amount (minimum £2,000 under each of the Share Offers) or such lesser amount for which this subscription may be accepted, on the Terms and Conditions of the Share Offers.

For tax year 2011/12 £	For tax year 2012/13 £	Total £
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NB: No declaration had been made at the date of this Prospectus as to what tax reliefs, if any, will be available in respect of investments made during the tax year 2012/13.

2

Title:	First Name:	Surname:
Address:		
Postcode:		Daytime Telephone Number:
Date of Birth:	<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	National Insurance Number: <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>
Email Address:		

Please tick this box if you are an existing shareholder in ViCTory VCT plc

3

By signing this form I HEREBY DECLARE THAT I have read the Terms and Conditions of the Share Offers contained in the Prospectus and agree to be bound by them. I understand this is a LONG-TERM investment and have read the RISK FACTORS.

Signature	Date
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4

Intermediaries to complete. FSA Number must be quoted	
All intermediaries MUST advise their clients of the Risk Factors set out on pages 7 to 9 of the Prospectus.	
FSA Number:	Firm Name:
Address:	
Postcode:	
Contact:	
Telephone No:	Fax No:
Email Address:	
(A) To apply for the 3.00% initial commission option, place a tick in this box. <input style="width: 40px; height: 20px;" type="checkbox"/> Insert 'ALL' or the percentage of the subscription in respect of which you wish the initial 3.00% commission to be waived and reinvested in additional Offer Shares. <input style="width: 40px; height: 20px;" type="text"/>	
OR	
(b) To apply for the 2.25% commission and annual trail commission option, place a tick in this box. <input style="width: 40px; height: 20px;" type="checkbox"/> Insert 'ALL' or the percentage of the subscription in respect of which you wish the initial 2.25% commission to be waived and reinvested in additional Offer Shares. <input style="width: 40px; height: 20px;" type="text"/>	

ViCTory VCT PLC and The City Partnership (UK) Limited cannot accept responsibility if any details quoted by you are incorrect. For assistance on the completion of this Offer Subscription Form, please contact The City Partnership (UK) Limited on weekdays between 9.00 am and 5.30 pm on 0131 202 1895 or email claudia@thecitypartnershipuk.com. No investment advice can be given.

5 Dividend Reinvestment Scheme

Tick Box 5 if you would like to participate in the Dividend Reinvestment Scheme (this will also apply to any existing shareholding you have in ViCTory VCT PLC). If you are subscribing for Offer Shares which you intend to transfer into a nominee name and wish to re-invest your dividends, please contact your nominee to ensure that they will permit dividend re-investment for the Offer Shares that they hold on your behalf. You or your nominee can contact The City Partnership (UK) Limited on 0131 202 1895 if you have any questions regarding dividend reinvestment.

Dividends that are not reinvested under the Dividend Reinvestment Scheme will be paid by cheque sent to the Shareholder's registered address. Alternatively, dividends paid in cash may be paid directly into bank or building society accounts. In order to facilitate this, please complete the mandate form. Do not complete the mandate form if you wish to participate in the Dividend Reinvestment Scheme.

6 Dividend Mandate

Only complete the mandate form if you DO NOT wish to participate in the Dividend Reinvestment Scheme.

All dividends on any Shares held in ViCTory VCT PLC may be paid directly into bank and building society accounts. In order to facilitate this, please complete the mandate instructions form below.

Dividends paid directly into your account will be cleared funds on the dividend payment date. Your bank or building society statement will identify details of the dividends as well as the dates and amounts paid.

Dividend Mandate

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

Bank or Building Society reference number and details:

Name of Bank:
Address of Bank:

Account Number (Please quote all digits including zeros)

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Sort Code Number

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Signature	Date
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Shareholder Title and Full Name (BLOCK CAPITALS PLEASE)	Postcode
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