

Amati VCT plc
(Registered in Scotland No. SC278722)

Directors

Peter Lawrence (Chairman)
Julia Henderson
Charles Pinney
Brian Scouler

Registered Office:

110 George Street
Edinburgh
EH2 4LA

Amati VCT 2 plc
(Registered in England and Wales No. 04138683)

Directors

Julian Avery (Chairman)
Mike Killingley
Susannah Nicklin

Registered Office:

27-28 Eastcastle Street
London
W1W 8DH

9 March 2018

Dear Shareholder,

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

We are pleased to inform you that the Boards of Amati VCT plc and Amati VCT 2 plc have concluded discussions and have now reached agreement on a recommended merger of the Companies. As previously advised, the final agreement to merge was delayed by an unintended consequence of the VCT legislation (see below), which was potentially detrimental to certain shareholders but which has now been clarified to the satisfaction of the directors. The Boards believe that the merger is in the interests of the shareholders of both Companies and will result in a company with a larger asset base, lower ongoing charges and an attractive, diversified and mature portfolio of qualifying investments.

It is proposed that the newly merged company will adopt the name of Amati AIM VCT plc and that the board will consist of three directors from Amati VCT plc (Peter Lawrence, Brian Scouler and Julia Henderson) and two directors from Amati VCT 2 plc (Mike Killingley and Susannah Nicklin). Charles Pinney will retire as a director of Amati VCT plc and Julian Avery will retire as a director (and Chairman) of Amati VCT 2 plc. It is proposed that Peter Lawrence, currently Chairman of Amati VCT plc, will become Chairman of the merged company for approximately twelve months in order to oversee the merger process and ensure a smooth transition.

This letter highlights the key elements of the merger proposals and provides a summary of the documents enclosed, together with details of General Meetings, a notification regarding electronic communications and the action you need to take. **These documents are complex and it is important that you read them carefully and give them your full consideration. If you are in any doubt as to how to proceed you should consult an independent professional or financial adviser without delay.**

Key elements of the proposals to note in the Shareholder Circular and Supplementary Prospectus:

- In the Autumn Budget on 22 November 2017 it was confirmed that legislation would be introduced to limit the scope of section 264A of the Income Tax Act 2007 in the context of a merger or a reconstruction. Without this amending legislation, which is expected to receive Royal Assent before the end of this tax year, shareholders who had sold shares in one of the Companies any time after 6 April 2014 and bought shares in the other within a six month period could have had their tax relief withdrawn in the event of a merger of the Companies, on the basis that this would be regarded retrospectively as a Linked Sale. **Shareholders should note, however, that they should not subscribe for new shares in the Offers if they have sold shares in either of the Amati VCTs in the preceding 6 months. Further, shareholders should not subscribe for either of the Amati VCTs prior to the merger proceeding where they have sold shares in the same VCT in the preceding six months or subsequently sell in the following six months. Such sales would still be regarded as Linked Sales, on the grounds that the shareholder had known of the intention of the Amati VCTs to merge in advance of their subscription.**
- The Scheme provides for the undertaking (being the business of Amati VCT plc), assets and liabilities of Amati VCT plc to be transferred to Amati VCT 2 plc in consideration for the issue of New Shares in Amati VCT 2 plc of an equivalent value to Amati VCT plc Shareholders. The New Shares issued to Amati VCT plc shareholders will rank *pari passu* with the existing shares in Amati VCT 2 plc and the merger will be completed on a relative net asset basis.
- The adjusted net asset value of Amati VCT plc and Amati VCT 2 plc shares will be calculated using each Company's respective accounting policies, except in respect of the valuation of the underlying investments in both VCTs, which in order to ensure equitable treatment, will be valued on the basis of Amati VCT 2 plc's valuation policy.

Amati Global Investors Limited

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- If the proposals are implemented, each Company will allot New Ordinary Shares in the 2017/18 tax year and, thereafter, any applications for Amati VCT plc will be deemed to be applications for Amati VCT 2 plc (which it is proposed will be renamed Amati AIM VCT plc). **Therefore, any application received for Amati VCT plc later than 5 April 2018 will be deemed to have been an application for Amati AIM VCT plc.**

Summary of the documents enclosed:

Depending on whether you are a shareholder in Amati VCT plc or Amati VCT 2 plc and also your response (if any) to the last electronic communications exercise, you will find enclosed some or all of the following documents relating to the merger:

- **Shareholder Circular.** This document contains details of the proposals for the merger and the reasons for each Board recommending them to you, together with notices of the general meetings for the consideration of the proposals. While it is important that you read the entire document, the “Joint Letter from the Chairmen of the Amati VCTs” on pp. 11-20 provides a helpful summary of the background to and the rationale for the merger, together with an overview of the proposals and the mechanics of the scheme itself.
- **Supplementary Prospectus.** This document amends the Prospectus (including the Terms and Conditions of the Offer for Subscription) published on 27 October 2017 and provides details of any events arising or material changes to the information included in the Prospectus since its publication.
- **Proxy Forms.** Depending on whether you are a shareholder in Amati VCT plc or Amati VCT 2 plc you will receive one or more of the following:
 - a **YELLOW** form of proxy for the General Meeting of Amati VCT 2 plc. To be valid, this proxy form should be returned by 2:30 p.m. on 24 April 2018.
 - a **BLUE** form of proxy for the First General Meeting of Amati VCT plc. To be valid, this proxy form should be returned by 3.00 p.m. on 24 April 2018.
 - a **GREEN** form of proxy for the Second General Meeting of Amati VCT plc. To be valid, this proxy form should be returned by 11.00 a.m. on 2 May 2018.

Please note that for convenience we are providing proxy forms and reply paid envelopes to all shareholders regardless of their communication preferences.

Notification of General Meetings:

The Shareholder Circular convenes the following General Meetings:

1. General Meeting of Amati VCT 2 plc at 2.30 p.m. on 26 April 2018 at the offices of Mattioli Woods plc, Third Floor, 87/89 Baker Street, London W1U 6RJ (the entrance is on Crawford Street).
2. First General Meeting of Amati VCT plc at 3.00 p.m. on 26 April 2018 at the offices of Mattioli Woods plc, Third Floor, 87/89 Baker Street, London W1U 6RJ (the entrance is on Crawford Street).
3. Second General Meeting of Amati VCT plc at 11.00 a.m. on 4 May 2018 at the offices of Rooney Nimmo, 8 Walker Street, Edinburgh EH3 7LA.

Electronic Communications:

If you were included in the last electronic communications exercise and you did not respond **or** you opted in to electronic communications without providing an email address, you will be deemed to have consented to electronic communications and accordingly will not receive hard copies of the Shareholder Circular or Supplementary Prospectus in this mailing. Under the Companies Act 2006 we are required to notify you by letter that information or documentation is available in electronic form, and this letter constitutes formal notification that the merger documents are available on the following website:

www.amatiglobal.com. This notification is not a summary of the proposals and should not be regarded as a substitute for visiting the website and reading the relevant documents.

Action to be taken:

You are being asked to vote on the proposals, by either attending the General Meeting(s) in person or by using the enclosed form(s) of proxy. A reply paid envelope has been provided.

Yours sincerely,

Peter Lawrence, Chairman
Amati VCT plc

Julian Avery, Chairman
Amati VCT 2 plc

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