

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**When considering what action you should take, you are recommended to consult an independent financial adviser or other person duly authorised under the Financial Services and Markets Act 2000 immediately. The whole text of the document should be read.**

If you have sold or transferred all of your Ordinary Shares in SPARK VCT 2 PLC you should at once forward this document and the enclosed form of proxy to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Directors of the Company, whose names are set out on page 3 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (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.

This document, which comprises a circular relating to the Company prepared in accordance with the Listing Rules, has been approved by the Financial Services Authority (as the competent authority in the United Kingdom).

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## **SPARK VCT 2 PLC**

**Registered in England and Wales (Registered Number 04063505)**

**Proposed change to the Company's investment policy and proposed  
change of Company name**

### **NOTICE OF GENERAL MEETING**

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**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 9 of this document which recommends that you vote in favour of the resolutions to be proposed at the General Meeting referred to below.**

Notice of the General Meeting to be held at The City Club, 19 Old Broad Street, EC2N 1DS on 10 February 2011 at 11 a.m. for the purpose of considering and, if thought fit, passing the resolutions, as set out at the end of this document. This meeting will include a presentation by the new manager, Albion Ventures LLP.

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. To be valid, Forms of Proxy, completed in accordance with the instructions thereon, must be received by the Company's registrars, Capita Registrars, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible but in any event by no later than 11 a.m. on 8 February 2011. As an alternative to completing and returning the Form of Proxy, you may submit your Form of Proxy electronically at [www.capitashareportal.com](http://www.capitashareportal.com). CREST members who wish to appoint a proxy or proxies may do so through the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 11 a.m. on 8 February 2011 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Completion of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

## CONTENTS

Directors and advisers to the Company.....	3
Letter from the Chairman of SPARK VCT 2 PLC.....	4
Risk Factors .....	10
Definitions.....	12
Notice of General Meeting .....	13

### Enclosures

- Form of proxy for General Meeting
- Pre printed reply paid envelope for return of proxy to Capita Registrars Limited

### Timetable

Posting of Circular. ....	19 January 2011
Last time and date of receipt of proxies (including electronic proxies and CREST voting) .....	11 a.m. on 8 February 2011
General Meeting to be held at the City Club, 19 Old Broad Street, EC2N 1DS .....	11 a.m. on 10 February 2011

## DIRECTORS AND ADVISERS TO THE COMPANY

Registered office	SPARK VCT 2 PLC 1 King's Arms Yard, London EC2R 7AF (Registered in England Wales, No 04063505)
Directors	Robert Wright (Non executive Chairman) Thomas Chambers (Non executive director) Alan Lamb (Non executive director)
Investment Manager and Company Secretary	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Bankers	The Royal Bank of Scotland PLC 280 Bishopsgate London EC2M 4RB
Auditor and VCT tax adviser	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Stockbroker	Execution Noble Limited The Old Truman Brewery 91 Brick Lane London E1 6QL
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Registrars	Capita Registrars 34 Beckenham Road Beckenham Kent BR3 4TU

## LETTER FROM THE CHAIRMAN

### SPARK VCT 2 PLC

*(Registered in England and Wales with registered number 04063505)*

#### *Directors*

Robert Wright (non-executive Chairman)  
Thomas Chambers (non-executive)  
Alan Lamb (non-executive)

#### *Registered Office*

1 King's Arms Yard  
London  
EC2R 7AF

19 January 2011

#### *To Shareholders*

Dear Shareholder,

### **Proposed change of Company's investment policy and change of name**

#### **INTRODUCTION**

On 9 December 2010, the Board announced that, with effect from 1 January 2011, it was terminating its investment management agreement with SPARK Venture Management Limited and appointing Albion Ventures LLP as its investment manager.

As a result of Albion's appointment, the Board of the Company proposes to make certain changes to the Company's investment policy to give Albion greater flexibility in the investments it can make on behalf of the Company. The Board also proposes to change the name of the Company to Kings Arms Yard VCT 2 PLC to reflect the change of investment manager.

The purpose of this document is to provide you with details of the Proposals, to explain their implications, to explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolutions, which are required to give effect to the Proposals.

Your attention is drawn to the notice convening the General Meeting of the Company to be held on 10 February 2011 which is set out at the end of this document.

#### **BACKGROUND TO, AND REASONS FOR THE CHANGE OF INVESTMENT MANAGER**

Given the previous manager, SPARK Venture Management, is a specialist technology investor, and is moving its fund management focus away from retail funds towards regional and institutional funds, the Board believes that the appointment of a new manager with expertise of growing more mature businesses across a broad range of sectors will provide a sustainable future for the Company whilst delivering a steady annual yield.

Since the Board announced on 29 January 2010 that there would be an increased focus on realisations, successful exits have enabled the Company to pay 1 penny per share on 24 September 2010 and the Board expects to announce a final dividend of 1 penny per share for the year ended 31 December 2010. A number of potential exits from the existing investment portfolio are currently under consideration or in progress and SPARK Venture Management will work alongside Albion during the first 12 months in order to assist with these disposals.

Albion (formerly Close Ventures) is one of the largest and longest established VCT managers with just under £240 million of funds under management. The business was started in 1996, and currently manages nine VCTs, with a broad policy of balancing income generating, asset based investments with higher growth companies. Albion has returned in excess of £95 million in dividends and £30 million through share buy-backs as a result of an active policy of returning cash to Shareholders.

## **MANAGEMENT FEES**

Under the terms of the Existing Management Agreement with SPARK Venture Management the Company was required to give 12 months notice of termination. The Company and SPARK Venture Management entered into the Termination Agreement on 8 December 2010, pursuant to which the Company has agreed to pay SPARK Venture Management the management and administration fees due under the Existing Management Agreement for the period until 30 November 2011. Under the Termination Agreement, the management fee shall be calculated by reference to the net asset value of the Company as at 31 December 2010, subject to appropriate adjustments in respect of dividends or realisations made during 2011. SPARK Venture Management and the Company have agreed that the Termination Agreement is in settlement of all claims against each other.

Albion has agreed to waive its management and administration fees for the first year to 31 December 2011. Thereafter Albion will be entitled to an annual management fee of 2 per cent. of net asset value, along with an administration fee of £50,000 p.a. This represents a reduction from the current annual management fee payable of 2.5 per cent. and a reduction in the administration fee. The normal running costs payable for management and administration (including the management and administration fees due to Albion, directors' remuneration, registrars' fees, stockbrokers' fees, company secretarial fees and the fees of Company's auditors) will be subject to an aggregate annual cap of 3 per cent. of net asset value. The Board intends to discuss an appropriate incentive arrangement with Albion at a later date, which will be subject to Shareholder approval at the time. It has been agreed that no performance or incentive fee shall be payable to Albion for any periods prior to 31 December 2012.

## **PROPOSED AMENDMENT TO INVESTMENT POLICY**

As described in the announcement on 9 December 2010, the Board believes that it is in Shareholders' interests to adopt a new investment policy with a view to building a portfolio that comprises a greater proportion of lower risk, income producing investments with a lesser proportion of higher risk investments with greater growth prospects. Further details of the proposed new investment policy are set out below.

The proposed amendment of the investment policy will be subject to Shareholder approval through an Ordinary Resolution to be put to Shareholders at the General Meeting on 10 February 2011, a notice of which is set out on pages 13 to 14 of this circular.

### **Existing Investment Policy**

The Company's investment policy as stated in the latest Annual Report as at 31 December 2009 was as follows:

*"To invest principally in a diversified venture capital portfolio, including unquoted companies with good growth prospects and companies whose shares are traded on AIM and also in a portfolio of listed equities and fixed-interest securities.*

*The intended asset allocation was for 85 per cent. of net assets to be allocated to a venture capital portfolio designed to achieve capital growth, with the balance to be held in capital-secure liquid markets as a reserve for follow-on financing of companies in the existing venture capital portfolio or to meet the net operating expenses of the Company.*

*The percentages may be varied from time to time so that, for example, the asset allocation could involve a higher percentage of venture capital investments if the reserve is fully utilised for follow-on investment in the venture capital portfolio.*

*Risk diversification within the venture capital portfolio will be achieved by a spread of investments across different industry sectors (mainly in the TMT and healthcare sectors) and investment stages.*

*The target size for venture capital investments at date of first investment will be between £500,000 and £1.0 million (which may be increased with subsequent follow-on investment) and no single investment at cost will normally exceed 5 per cent. of the Company's net asset value.*

*From time to time, the venture capital portfolio may include listed, NASDAQ-traded or AIM-traded companies in which investment was originally made on an unquoted basis.*

*Gearing will not normally be employed.*

*The Directors intend that the Company will continue to qualify as a Venture Capital Trust under the provisions of sections 258-332 of the Income Tax Act 2007. Under these provisions, it is a requirement that not more than 15 per cent. of the Company's gross assets be invested in the securities of any one company or group (aggregating for this purpose any existing holding in the company concerned). From time to time, however, within the portfolio of fixed-interest securities, more than 15 per cent. of the Company's gross assets may be invested in a single government stock (e.g. a short-dated gilt)."*

### **Track Record under the existing investment policy**

The Company has not delivered satisfactory returns to Shareholders under the existing investment policy set out above. For every £1 invested:

- in Quester VCT 4 PLC in November 2000, Shareholders have received a total return, excluding tax reliefs, of 36.9 pence per Ordinary Share comprising dividends combined with net asset value per Ordinary Share as at 30 June 2010;
- in Quester VCT 5 PLC in December 2001, Shareholders have received a total return, excluding tax reliefs, of 47.3 pence per Ordinary Share comprising dividends combined with net asset value per Ordinary Share as at 30 June 2010.

The Board announced on 29 January 2010 that 50 per cent. of cash proceeds from realisations would be regarded as available for distribution and that new investment would be targeted at more mature companies. Subsequent to this, and as explained above, it was decided to appoint a new investment manager, accompanied by a new yield-driven investment focus. Given this change, it is the Board's view that a more sustainable result should now be achieved over the longer term by pursuing the New Investment Policy set out below which has the objective of producing a predictable and sustainable dividend stream for Shareholders.

### **Proposed New Investment Policy**

The Board proposes, therefore, an amended investment policy, in line with other VCTs managed by Albion, intended to produce a regular and predictable dividend stream with an appreciation in capital value as set out below.

*The Company intends to achieve its strategy by adopting an amended investment policy for new investments which, over time, will rebalance the portfolio such that approximately 50 per cent. of the portfolio comprises an asset-based portfolio of lower risk, ungeared businesses, principally operating in the healthcare, environmental and leisure sectors (the "Asset-Based Portfolio"). The balance of the portfolio, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to a limited number of higher risk technology companies (the "Growth Portfolio").*

*In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company's assets.*

*The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.*

*Funds held pending investment or for liquidity purposes will be held as cash on deposit or in floating rate notes or similar instruments with banks or other financial institutions with a Moody's rating of 'A' or above.*

*The Company's investment allocation and risk diversification policies are substantially driven by the relevant HMRC rules and it is the intention of the Company to apply the following policies in this respect:*

- (1) The Company's income will be derived wholly or mainly from shares and securities;*
- (2) At least 70 per cent. of the value of its investments will be represented throughout the year by shares or securities that are classified as 'qualifying holdings';*
- (3) At least 30 per cent. by value of its total qualifying holdings will be represented throughout the year by holdings of 'eligible shares';*
- (4) At no time during the year will the Company's holdings in any one company exceed 15 per cent. by value of its investments;*
- (5) The Company will not retain greater than 15 per cent. of its income earned in the year from shares and securities; and*
- (6) Eligible shares will comprise at least 10 per cent. by value of the total of the shares and securities that the Company holds in any one portfolio company.*

*These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in one portfolio company.*

*'Qualifying holdings', for the Company include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom.*

*'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. The Company may not control a portfolio company.*

*There is an annual investment limit of £1 million in each portfolio company.*

*Gearing will not normally be employed. As defined in the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to an amount equal to the Adjusted Capital and Reserves.*

From 1 January 2011, the Company will co-invest with the other 8 VCTs managed by Albion and allocation to new investments between the Albion VCTs will be in accordance with the ratio of funds available for investment subject to the investment policy of each Albion VCT and a limited number of provisions to protect each participating Company.

As this is a material amendment to the existing investment policy, under the UKLA Listing Rules, Shareholder approval is required. If so approved by Shareholders, the elements of the proposed amended investment policy set out above will replace the Company's existing investment policy.

## **DIVIDEND POLICY**

The Board's existing dividend policy is to return 50 per cent. of sale proceeds realised from current portfolio investments to Shareholders by way of dividends. In view of Albion's track record of generating deal flow of the sort of opportunities the Company is now targeting and, given the Board's intention to build up a portfolio of income yielding securities, it is intended that a greater proportion of cash available from disposals should be devoted to new investment rather than to dividends.

The Board's intention is to establish a sustainable and progressive dividend stream to Shareholders, with the prospect of a gradual recovery in capital value. The Board intends that it will recommend a final dividend of 1 penny per Ordinary share in respect of the year ending 31 December 2010, subject to the audit, which reflects the previous policy. The Board expects to publish the results for the period ending 31 December 2010 in April 2011.

Thereafter, the initial annual dividend target will be 1 pence per Ordinary share per annum, but it is hoped it will increase over time as exits are achieved and the new investment policy is implemented.

## **SHARE BUY-BACK POLICY**

The Company's existing buy-back policy is as follows:

*"There is a very limited secondary market for shares in Venture Capital Trusts generally. The Company will continue to be willing to make buy-backs of limited volumes of its shares but expects that, going forward, the budget made available to fund buy-backs will be more tightly restricted than in previous years. Its ability to do so is, or may be, constrained by the level of its own liquid resources, VCT specific legislation and the regulations of the UKLA."*

In general, the other Albion managed VCTs have a share buy-back policy to make purchases in the market in the region of a 10 to 15 per cent. discount to net asset value, so far as market conditions, liquidity, and reserves permit. Such buy-backs, are subject to the overall constraint that such purchases are in the Company's interest, including the maintenance of sufficient resources for investment in existing and new investee companies and the continued payment of dividends.

In order to maintain resources for dividends and the implementation of the new investment policy, the Board does not intend to buy back any shares in the financial year to 31 December 2011. However, it intends to be able to implement the share buy-back policy practiced by the other Albion VCTs once the fruits of the new investment policy have begun to show.

## **CHANGE OF NAME**

In order to reflect the change of Manager, the Board proposes that the name of the Company should be changed to "Kings Arms Yard VCT 2 PLC", King's Arms Yard being the address of Albion.

## **GENERAL MEETING**

A notice convening the General Meeting, to be held at The City Club, 19 Old Broad Street, EC2N 1DS on 10 February 2011 at 11 am is set out at the end of this document.

At the General Meeting, the following resolutions will be proposed:

1. an ordinary resolution to change the Company's investment policy; and
2. a special resolution to change the name of the Company.

## **ACTION TO BE TAKEN**

You will find enclosed with this circular a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete the Form of Proxy and return it in accordance with the instructions printed thereon so that it is received as soon as possible and in any event not later than 11.00 a.m. on 8 February 2011. As an alternative to completing and returning the Form of Proxy, you may submit your Form of Proxy electronically at [www.capitashareportal.com](http://www.capitashareportal.com). CREST members who wish to appoint a proxy or proxies may do so through the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 11.00 a.m. on 8 February 2011 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Completion of a Form of Proxy will not preclude the Shareholder from attending and voting at the General Meeting should the Shareholder so wish.

Completion and return of a Form of Proxy or appointment of a proxy through CREST will not prevent you from attending the meeting and voting should you wish to do so.

Please note that your original share certificate will remain valid and you will not be issued with a new share certificate following the General Meeting.

**DIRECTORS' RECOMMENDATION AND INTENTIONS**

The Board believes that the Proposals described in this document are in the best interests of the Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of Resolutions 1 and 2 to be proposed at the General Meeting, which will approve both the amendment of the Company's investment policy and change of name, as they intend to do in respect of their aggregate beneficial holding of 421,037 Ordinary Shares representing approximately 0.54 per cent. of the issued Ordinary Share Capital of the Company.

Yours faithfully

**ROBERT WRIGHT**

*Chairman*

## RISK FACTORS

### General

Investors should be aware that the value of shares in the Company and the income from them can fluctuate. In addition, there is no guarantee that the market price of shares in the Company (or shares in Venture Capital Trusts (“VCTs”) generally) will reflect its underlying net asset value. Past performance is not a guide to future performance. An investment in VCT Shares is only suitable for investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

Having regard to the Company’s investment objectives and the tax reliefs available, the Company should be considered as a long-term investment. Investing in VCTs, such as the Company, which themselves generally invest in smaller unquoted companies, carries particular risks.

The Company and the Directors consider the following risks to be material for investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in any order of priority. Additional risks and uncertainties currently unknown to the Company and the Directors (such as changes in legal, regulatory or tax requirements including retrospective changes) or which the Company and the Directors currently believe are immaterial, may also have a material adverse effect on the financial condition or prospects of the Company or the trading prices of the Ordinary Shares.

### Taxation risk

- It is the intention of the Directors and Albion that the Company will continue to be managed so as to qualify as a VCT. If the Company fails to meet the qualifying requirements for a VCT, this could result in:
  - (i) a withdrawal of income tax relief and investors in the Company being required to repay the income tax relief received on subscription of the Ordinary Shares;
  - (ii) loss of income tax relief on dividends paid (or subsequently payable) by the Company;
  - (iii) a potential liability to tax on capital gains on a disposal of the Shares issued by the Company but the potential to realise an allowable loss;
  - (iv) any gain for which deferral relief has been claimed being treated as never having been deferred; and
  - (v) loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Company.

Failure to meet the qualifying requirements could, in addition, result in a loss of the listing of the Ordinary Shares.

- The levels and bases of taxation may change and such changes may be retrospective. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors.
- The definition of a VCT qualifying investment may change, and the conditions relating to the maintenance of that qualifying status may also be subject to alteration, which could impact on the level of each Company’s qualifying holdings.

### Investment risk

- The value of the Ordinary Shares may go down as well as up and investors may not receive back the full amount invested.
- No guarantee is given or implied that the investment objectives or the realisation strategies set by the Company will be achieved. Furthermore, the Company’s ability to obtain maximum value from their

investments (for example through sale) may be limited by the requirements imposed in order to maintain the VCT status of the Company (such as the obligation to have at least 70 per cent. by value of its investments in Qualifying Investments).

- The Company's investments are principally, and will be, in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise and more volatile than the securities of larger, longer established businesses.
- Investee companies include younger, fast-growing, unquoted companies undergoing significant change. Such businesses are usually exposed to greater risks than lower growth businesses and therefore involve a higher degree of investment risk as they are more fragile and may not produce the returns expected.
- The success of some investments may be based on the ability of investee companies to establish, protect and enforce intellectual property rights, rights being broad enough to protect proprietary interests and the rights not infringing third party patents.
- A charge given to the Company over an asset by a portfolio company may not provide full capital protection for an investment.
- A number of the Company's investments may be sensitive to any further downturn in the economic environment.

### **Share liquidity risk**

Notwithstanding the details of the share buy-back policy in place and although the Ordinary Shares will be listed on the Official List and traded on the London Stock Exchange, there may not be a liquid market in the Ordinary Shares and there may not be two competing market makers. It may, therefore, prove difficult to realise the investment. This factor may be exacerbated by the fact that any purchaser of existing Ordinary Shares, as opposed to a subscriber for new Ordinary Shares, will not qualify for income tax relief at 30 per cent. of the amount invested.

### **Discount to Net Asset Value**

The market value and the realisable value of the Ordinary Shares are likely to fluctuate. Furthermore, as the shares of most VCTs trade at a discount to their underlying NAV and because there is normally a difference between the middle-market price and the price at which shares in VCTs can be sold (known as the "**spread**"), there is no guarantee that the market value of an Ordinary Share will fully reflect the underlying NAV per share.

### **Accounting policies**

Statements made in this document concerning returns to Shareholders are based on current UK generally accepted accounting practice ("**UK GAAP**") and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in January 2009 (the "**SORP**"). UK GAAP and the SORP are subject to change. Any changes to UK GAAP and the SORP may affect the Company's net asset value which may impact the share price as the premium or discount to net asset value is an important valuation metric.

### **Dividends**

The Company can only pay dividends to the extent that they have sufficient distributable reserves, profits and cash available for that purpose. A reduction in income from the Company's investments may adversely affect the dividend payable to Shareholders. Such a reduction could arise, for example, from lower dividends or lower rates of interest paid on the Company's investments, lower realised gains than expected, or lower bank interest rates than are currently available.

## DEFINITIONS

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

<b>“Albion”</b>	Albion Ventures LLP
<b>“Board” or “Directors”</b>	the Directors of the Company as at the date of this document, whose names are set out on page 3 of this document
<b>“Company” or “SPARK”</b>	SPARK VCT 2 plc a company registered in England and Wales and registered with number 04063505
<b>“General Meeting” or “GM”</b>	the general meeting of the Company convened for 10 February 2011 (or any adjournment thereof), notice of which is set out at the end of this document
<b>“Existing Management Agreement”</b>	the investment management agreement between Quester VCT 4 plc and Quester Capital Management Limited dated 30 October 2000 as amended by a deed of amendment between SPARK VCT 2 plc and SPARK Venture Management Limited dated 13 October 2008
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use by Shareholders in respect of the GM
<b>“FSA”</b>	the Financial Services Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“Listing Rules”</b>	the listing rules issued by the UK Listing Authority, as amended
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the London Stock Exchange’s Main Market for listed securities
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Proposals”</b>	the proposed change of the Company’s investment policy and the proposed change of name of the Company, each to be voted on at the General Meeting
<b>“Resolutions”</b>	the resolutions to be proposed at the GM as set out in the Notice of the General Meeting at the end of this document
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“SPARK Venture Management”</b>	SPARK Venture Management Limited
<b>“Termination Agreement”</b>	The agreement between Spark and SPARK Venture Management dated 8 December 2010 terminating the Existing Agreement with effect from 1 January 2011.
<b>“UK Listing Authority” or “UKLA”</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland

## **SPARK VCT 2 PLC**

Notice is hereby given that a General Meeting of SPARK VCT 2 plc (the "**Company**") (registered in England and Wales with registered number 04063505) will be held at The City Club, 19 Old Broad Street, EC2N 1DS on 10 February 2011 at 11 a.m. when Resolution 1 will be proposed as an Ordinary Resolution and Resolution 2 as a Special Resolution.

### **Resolution 1**

That the Company's investment policy be changed to the investment policy as set out in this Circular issued to Shareholders by the Company.

### **Resolution 2**

That the name of the Company be changed from SPARK VCT 2 plc to Kings Arms Yard VCT 2 PLC.

By order of the Board

Albion Ventures LLP  
*Company Secretary*

19 January 2011

Registered Number: 04063505

*Registered Office*  
1 King's Arms Yard  
London EC2R 7AF

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares being held by that member.
2. To be valid, Forms of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or submit your proxy electronically [www.capitashareportal.com](http://www.capitashareportal.com) at least 48 hours before the time appointed for the meeting. Appointment of a proxy will not preclude a member from attending and voting at the meeting should he/she so wish.
3. Pursuant to section 360B of the Companies Act 2006 (the "**2006 Act**") and Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at this meeting (and for the purposes of determining the number of votes they may cast) members must be entered on the register of members of the Company at 6 p.m. on 8 February 2011. Changes to entries on the relevant register of members of the Company after 6 p.m. on 8 February 2011 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant holding.
5. Any member or his proxy attending the meeting has the right to ask any question at the meeting relating to the business of the meeting.
6. A copy of this notice, and other information required by s.311A of the Companies Act 2006, can be found at [www.albion-ventures.co.uk/ourfunds/spark\\_VCT\\_2](http://www.albion-ventures.co.uk/ourfunds/spark_VCT_2).
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message must be transmitted so as to be received by the issuer's agent, Capita (ID RA10), by 11 a.m. on 8 February 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
11. As at 18 January 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 77,309,035 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 18 January 2011 are 77,309,035.



