

**British Smaller Companies VCT plc and British Smaller Companies VCT2 plc (together the "Companies")**

**Amendments to Alternative Investment Fund Management Agreements**

The Companies have each entered into a deed of amendment and restatement (the "Deeds of Amendment and Restatement") relating to the alternative investment fund management agreements dated 18 November 2019 (the "AIFMAs"), between each of the Companies and YFM Private Equity Limited ("YFM"), the Companies' investment manager. The changes to the AIFMAs pursuant to the Deeds of Amendment and Restatement (the "AIFMA Amendments"), which will be effective from 1 January 2026, include the following, which are in line with the proposed changes disclosed in the prospectus issued by the Companies on 25 September 2025 in relation to the 2025/26 fundraising.

- The de minimus level of cash and cash equivalents earning the full management fee of 2.0 per cent is to increase to £20 million, from £7.5 million for British Smaller Companies VCT plc and from £5.0 million for British Smaller Companies VCT2 plc.
- The fee charged on cash and cash equivalents in excess of £20 million ("Surplus Cash") is to increase from 1.00 per cent to 1.25 per cent.
- The fee relating to Surplus Cash shall apply to balances allotted from fundraisings from the date of allotment of shares by the Companies, as opposed to the next fee calculation date.
- The annual adjustment to secretarial fees received by YFM pursuant to the AIFMAs will now reflect movements in the Consumer Prices Index, as opposed to the Retail Prices Index.

The AIFMA Amendments constitute related party transactions falling within UK Listing Rule 8.2.1R. The Board of each Company believes that the AIFMA Amendments are fair and reasonable as far as the shareholders of their respective Company are concerned and have been so advised by Howard Kennedy Corporate Services LLP, as sponsor to each Company.

For further information, please contact:

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