

BRITISH SMALLER TECHNOLOGY COMPANIES VCT 2 PLC (“the Company”)

CIRCULAR TO SHAREHOLDERS

HALF YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2010

Circular to Shareholders

The Directors are pleased to announce that the Company has issued a circular to its shareholders recommending firstly the shareholders to approve, by way of Special Resolution, a proposal for the Company to change its name to “British Smaller Companies VCT 2 plc” and secondly to approve a Special Resolution to authorise the directors to make market purchases of the Company’s own shares (“the Circular”).

Half Yearly Report

Further to the announcement of its unaudited half yearly statements for the six months to 30 June 2010 on 25 August 2010, the Company has published its Half Yearly Report for the period ended 30 June 2010 (“Half Yearly Report”).

In accordance with LR 9.6.1 copies of the Circular and the Half Yearly Report have been submitted to the National Storage Mechanism and will shortly be available for inspection at: www.Hemscott.com/nsm.do

Copies of the Circular and the Half Yearly Report can be obtained from the Company Secretary at the Company’s Registered Office address: Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ and can be viewed on the Company’s website at www.yfm.co.uk.

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