

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK ADVICE FROM 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 TRANSFERRED YOUR ORDINARY SHARES OR S2 SHARES IN UNICORN AIM VCT PLC YOU SHOULD SEND THIS DOCUMENT TOGETHER WITH THE RELEVANT ACCOMPANYING PROXY CARDS IMMEDIATELY TO THE PURCHASER OR TRANSFEREE OR THE STOCKBROKER OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED FOR TRANSMISSION TO THE PURCHASER OR THE TRANSFEREE.

Unicorn AIM VCT plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4266437)

Proposed Creation of S3 Ordinary Shares and Notice of Extraordinary General Meeting and separate Class Meetings for Ordinary and S2 Shareholders

Your attention is drawn to the letter from the Chairman of the Company set out on pages 3 to 6 of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting and separate Class Meetings for Ordinary and S2 Shareholders referred to below.

Notices convening an Extraordinary General Meeting and separate Class Meetings for Ordinary and S2 Shareholders of the Company to be held at the offices of Matrix Group Limited, commencing at 2.00 p.m. (in the case of the Extraordinary General Meeting), 2.30 p.m. for the Ordinary Share Class Meeting and 2.40 p.m. for the S2 Share Class meeting all on 15 February 2007 are set out at the end of this document. Relevant Forms of Proxy for each of the meetings accompany this document.

To be valid, Forms of Proxy for use at the relevant meeting must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars, not less than 48 hours prior to the time of the relevant meeting.

The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the relevant meeting should you find you are able to do so.

Definitions

"AIM"

the Alternative Investment Market of the London Stock Exchange

"Admission"

admission to the Official List and to trading on the London Stock Exchange

"Board" or "Directors"

the board of directors of the Company

"Class Meetings"

the separate class meetings of the Ordinary and S2 Shareholders of the Company to be held at 2.30 p.m. and 2.40 p.m. respectively on 15 February 2007 (or any postponement thereof)

"Company"

Unicorn AIM VCT plc

"Existing Funds"

the existing Ordinary Share Fund and/or S2 Share Fund

"Existing Shares"

existing Ordinary Shares and/or S2 Shares (as the context permits)

"Extraordinary General Meeting" or "EGM"

the Extraordinary General Meeting of the Company to be held at 2.00 p.m. on 15 February 2007 (or any postponement thereof)

"FSA"

the Financial Services Authority

"London Stock Exchange"

the London Stock Exchange plc

"Manager" or "Unicorn" or "Promoter"

Unicorn Asset Management Limited, the Manager of the Company and promoter of the Offer, which is authorised and regulated by the FSA

"Offer"

an offer for subscription of up to 20 million S3 Shares

"Official List"

the Official List of the UK Listing Authority

"Ordinary Shares"

ordinary shares of 1 pence each in the Company

"Qualifying Investments"

an investment in an unquoted or AIM quoted company carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Schedule 28B to the Taxes Act

"S2 Shares"

S2 ordinary shares of 1 pence each in the Company

"S3 Shares"

S3 ordinary shares of 1 pence each in the Company

"Shares"

Ordinary Shares, S2 Shares and/or S3 Shares (as the context permits)

"Shareholder"

a holder of Ordinary Shares and/or S2 Shares and/or S3 Shares (as the context permits)

"Teather & Greenwood" or "Sponsor"

Teather & Greenwood Limited, the sponsor of the Company, which is authorised and regulated by the FSA

"Taxes Act"

Income and Corporation Taxes Act 1988 (as amended)

"70% test"

the condition specified in section 842AA (2)(b) of the Taxes Act

"30% test"

the condition specified in section 842AA(2)(c) of the Taxes Act

"The Merger Regulations"

the Venture Capital Trust (Winding up and Mergers) (Tax) Regulations 2004

"UK Listing Authority"

the FSA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

"Unicorn Investment Funds"

Unicorn Investment Funds ICVC which acts as an umbrella company for certain sub-funds ("Sub Funds") (currently the Unicorn Free Spirit Fund, Unicorn Mastertrust Fund, Unicorn UK Smaller Companies Fund, Unicorn UK Income Fund and the Unicorn Outstanding British Companies Fund)

"Venture Capital Trust" or "VCT"

a company which is, for the time being, approved as a Venture Capital Trust under Section 842AA of the Taxes Act

Unicorn AIM VCT PLC

Registered in England and Wales (Registered Number 4266437)

Directors

Peter Dicks (Chairman)
Jocelin Harris
David Royds
Peter Webb

Registered Office

One Jermyn Street
London
SW1Y 4UH

23 January 2007

To the Shareholders

Dear Shareholder

S3 Class Share Offer, Extraordinary General Meeting and separate Class Meetings

Introduction

I am pleased to announce proposals for an offer for subscription of up to 20 million S3 Shares to raise up to £20 million before expenses.

The purpose of this circular is to provide you with details of these proposals which seek your approval of the Offer and consequential changes to the Articles of Association of the Company.

Notices of an Extraordinary General Meeting and separate Class Meetings to seek your approval for these proposals are set out at the end of the document. These proposals are supported by your Board.

Reasons for the S3 Share Offer

The Directors and Manager now consider that an increase in the capital base of the Company would be appropriate and in the best interests of Shareholders.

The Directors and the Manager believe that there is wide range of attractive investment opportunities among existing AIM companies and that there will continue to be a strong flow of new companies joining the AIM market. The Manager anticipates that improvements in investor sentiment should stimulate the flow of attractive new investment opportunities during the next three years and beyond.

The Directors and Manager believe that an increased capital base will enable the Company to take greater advantage of a continued flow of opportunities.

The Directors believe that in the current and next tax year there is likely to be demand from investors for an opportunity to take advantage of the attractive returns potentially available through Venture Capital Trusts whereby they receive income tax relief of 30% against the cost of ordinary shares.

Additionally the fixed overhead costs of the Company,

such as professional, audit and Directors' fees and other annual costs, will relate to a larger investment portfolio with resulting economies of scale.

Under the authority granted at the Annual General Meeting held on 18 January 2007, further Shares representing up to 5 per cent. of the current number of issued shares could be issued by way of a "top up" offer. The Directors however would like to raise a more significant amount of funds, which would require a full prospectus. The Directors believe that, to avoid asset dilution for existing Shareholders and for other reasons described below, there would be advantages to Shareholders if such an issue were through a separate class of shares (the "S3 Class"). Accordingly, I am now writing to you to request your support for proposals which will allow the Company to lay the necessary framework so as to allow the issue of a separate class of shares.

Details of the S3 Shares

The capital raised by an issue of S3 Shares would create a separate fund (the "S3 Share Fund") which would be managed separately by the Manager. The S3 Shares would be issued at 100 pence per Share and any S3 Share Offer would be available both to existing Shareholders in the Company and to new investors.

The segregation of the Company's assets into three funds (the existing Ordinary Share Fund and S2 Share Fund and the new S3 Share Fund) would mean that Ordinary Shareholders and S2 Shareholders would remain exclusively entitled to receive the net returns flowing from the investments made out of the capital of their respective Funds. The holders of the S3 Shares would be exclusively entitled to receive the returns flowing from investments made out of the net new monies raised under the proposed Offer. The costs of the Offer will be borne wholly by the S3 Shareholders unless the Offer does not proceed in which case any costs incurred will be borne by the existing shareholders. Each Fund will bear its share of the common ongoing overheads of the Company on an equitable basis to be decided by the Board.

The raising of further funds by way of a S3 Share issue should result in the following benefits:

- the fixed overheads of the Company will be attributable to a larger investment portfolio which should create appropriate economies of scale;
- the Company will be able to continue as an active investor to take advantage of investment opportunities as and when they arise; and
- existing Shareholders and new investors will have the opportunity to invest further funds under the management of a proven and successful team; and
- existing Ordinary and S2 Shareholders will be solely entitled to the benefits which may arise from the success of their respective existing funds, including any dividends which the Directors may decide to pay following any realisations which the Ordinary Share Fund or S2 Share Fund generate;

The Board is responsible for the determination of the Company's investment policy and has overall responsibility for its affairs. The investment criteria for investments out of the S3 Share Fund would largely be the same as those for investments out of the Existing Funds which would enable co-investments to be made, subject to a combined maximum of £1 million per investee company per annum.

From time to time the S3 Share Fund may co-invest with the Existing Funds. Any potential conflict of interest arising will be resolved on a basis which the Manager believes to be equitable and in the best interests of all Shareholders. The Board will also monitor the process on a regular basis

Application will be made for the S3 Shares to be admitted to the Official List and to trading on the London Stock Exchange. The rights attaching to the S3 Shares will be contained in the Articles of Association of the Company as amended by the Special Resolution to be proposed at the EGM. These rights are set out in the Appendix and revised Articles of Association will be available for inspection at the EGM and Class Meetings. The S3 Shares may be held in uncertificated form.

It is not anticipated that the issue of S3 Shares will prejudice the Company's ability to satisfy the conditions for approval as a Venture Capital Trust under section 842AA of the Taxes Act as the 70% test and the 30% test do not need to be satisfied in relation to the proceeds of a new issue of shares until the start of the financial year which falls no later than the third anniversary of the date on which they are issued. The creation and issue of the S3 Shares should therefore not affect the taxation treatment and status of the Ordinary and S2 Shareholders.

Shareholders should note that a subscription for S3 Shares would represent a qualifying investment in a Venture Capital Trust for taxation purposes.

It is proposed that in relation to the S3 Share Fund, the

terms of the Manager's original appointment and the incentive arrangements for the Ordinary and S2 Share Funds will be extended to the new S3 Fund on a similar basis save that the "hurdle rate" will reflect current market practice.

Cancellation of the S3 Share Premium Account

It is proposed that if further capital is raised by an issue of S3 Shares that there would be an application to the High Court to cancel the S3 Share premium account attributable to these shares.

The Companies Act 1985 (the "**Act**") places restrictions on the payment of dividends by public limited companies. In particular, a company can pay dividends only to the extent that accumulated realised profits exceed realised and unrealised losses. An additional new reserve created by the cancellation of the S3 Share premium account could be used to off-set the effects of any future unrealised losses and enhance the ability of the Fund to pay future dividends in respect of the S3 Shares.

It is not envisaged that the creation of the new reserve would affect the Company's dividend or accounting policies. The opportunity to cancel the share premium account at this stage is being taken in order to save the costs of convening a further Extraordinary General Meeting at a later time following the closing of the Offer.

In addition, the reserve created by the cancellation may also be used, to a limited extent, to purchase S3 Shares in the market. Such purchases can help to limit the discount at which the S3 Shares may trade to their underlying net asset value but, pursuant to the Merger Regulations, they must be insignificant in relation to the issued ordinary share capital of the Company otherwise the Company would prejudice its ability to disregard, to the fullest possible extent, the grace period allowed for the investment of money raised pursuant to the S3 Share offer for the purposes of complying with the 70% test and the 30% test.

Extraordinary General Meeting and Class Meetings

You will find set out at the end of this document Notices convening an Extraordinary General Meeting and separate Class Meetings of the Company on 15 February 2007.

At the EGM, a Special Resolution will be proposed to approve inter alia, (a) an increase in the authorised share capital by the creation and issue of S3 Shares, (b) the allotment of Shares, (c) the waiver of pre-emption rights, (d) purchases in the market by the Company of Shares for cash, (e) amendments to the Articles of Association, and (f) the cancellation of the share premium account relating to the S3 Shares.

At the separate Class Meetings an extraordinary resolution will be proposed to approve the above Special Resolution and consent to certain matters set out therein as a variation of the respective class rights.

An explanation of the Special Resolution to be passed at the Extraordinary General Meeting

It is proposed by **paragraph 1** of the Special Resolution that the authorised share capital of the Company be increased to £950,000 by the creation of 30,000,000 S3 Shares. The Fund's authorised share capital will then comprise 40,000,000 Ordinary Shares, 25,000,000 S2 Shares and 30,000,000 S3 Shares of which 31,492,172 Ordinary Shares and 15,665,524 S2 Shares are in issue. The creation of 30,000,000 S3 Shares will increase the authorised share capital of the Company by 46.15 per cent.

It is proposed by **paragraphs 2 and 3** of the Special Resolution that the Directors be authorised to allot shares (including new S3 Shares in connection with the proposed Offer).

The power of the directors of a UK company to issue shares and other securities is restricted by statutory rules. Section 80 of the Act sets out detailed rules restricting the allotment of shares and other securities and is supplemented by section 89 of the Act, which contains a general requirement that a UK company may not allot equity securities for cash unless it has first offered them to its existing shareholders pro rata to their existing holdings.

Paragraph 2 will authorise the Directors to allot relevant securities generally, in accordance with section 80 of the Act, up to a nominal amount of £950,000 (including Shares already in issue). The authority and power conferred by paragraph 2 will expire on the fifth anniversary of the passing of the resolution unless previously revised or revoked in general meeting. This increased authorised but unissued share capital will represent an increase of 101 per cent. over the current issued share capital as at the date of this document.

Paragraph 3 will sanction the disapplication of section 89 of the Act in respect of the authorised but unissued share capital of the Company and will give the Directors power to allot equity securities issued wholly for cash under the proposed Offer and to further waive the pre-emption rights in a limited manner in relation to any Shares issued under a rights issue, any dividend investment scheme, to fund a purchase of shares or pursuant to any future 5 per cent. "top up" offer.

It is proposed by **paragraph 4** that the Directors be given authority to make purchases of the Company's own shares. Under this authority the Directors may

purchase Shares with an aggregate nominal amount up to but not exceeding 14.99 per cent. of the issued share capital of each class immediately after the close of the proposed Offer and, when buying Shares the Directors cannot pay a price per Share which is more than 105 per cent. of the average of the middle market quotations for the relevant class of Shares (whether Ordinary, S2 or S3 Shares) taken from the London Stock Exchange Daily Official List for the five business days immediately before the day on which Shares are purchased. It is proposed that any Shares acquired under this authority will be cancelled and not held as treasury shares.

This authority is restricted so that any purchase by the Company of its own shares does not prejudice the ability of the Company to disregard, to the fullest possible extent pursuant to section 842AA(5B) of the Taxes Act, the use to which money raised pursuant to a share issue is put, for the purposes of complying with the 70% test and the 30% test, as those terms are defined in the Merger Regulations.

Paragraph 5 of the Special Resolution will amend the Company's Articles of Association so that, inter alia, they include provisions reflecting the rights and restrictions attaching to the S3 Shares. These rights and restrictions are explained in further detail in the Appendix to this circular.

Paragraph 6 of the special resolution will sanction the cancellation of the share premium account attributable to the S3 Shares.

An explanation of the Extraordinary Resolution to be passed at the separate Class Meetings.

Under the Articles of Association of the Company separate resolutions of each class of Shares then in issue are required to approve certain transactions where those transactions could be construed as a variation of the rights of shareholders of a particular class. The Board considers that the effect of passing the Special Resolution at the EGM would amount to such a variation and therefore is seeking shareholder approval for this in the separate Class Meetings of the Ordinary and S2 Shareholders.

Action to be Taken

Enclosed with this document are Forms of Proxy for use at the Extraordinary General Meeting and separate Class Meetings. Shareholders are asked to complete and return these to the Company's Registrars, Capita Registrars, so as to be received as soon as possible, and in any event not less than 48 hours prior to the time of the relevant meeting. Completion and return of the Forms of Proxy will not affect a registered Shareholder's right to attend and vote at the Extraordinary General Meeting and relevant Class Meeting should he/she wish to do so.

Recommendation

The Directors (other than Peter Webb who is a shareholder and director of the Manager and David Royds who is a director and shareholder of Matrix Group Limited, which owns 100% of the capital of Matrix-Securities Limited which provides accountancy and secretarial services to the Company both of whom will abstain from voting on such issues) consider that the proposals referred to in this circular are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors (other than Peter Webb and David Royds) recommend Shareholders to vote in favour

of the Resolutions to be proposed at the Extraordinary General Meeting and relevant Class Meetings, as they (where they are able to) intend to do in respect of their own beneficial shareholdings totalling 60,000 Ordinary Shares and 25,625 S2 Shares (representing in aggregate 0.18% per cent of the issued share capital).

Yours faithfully

Peter Dicks
Chairman

Appendix

1. Rights Attaching to the S3 Shares

It is proposed by paragraph 5 of the Special Resolution that the Articles of Association of the Fund will be amended as set out in this paragraph and in paragraphs 2-6 below to reflect the rights and restrictions attaching to the S3 Shares.

The revised Articles of Association will be available for inspection at the EGM and Class Meetings. The following definitions will be inserted into the Articles.

“Ordinary Share Surplus” means the net assets of the Company attributable to the Ordinary Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities including the fees and expenses of liquidation or return of capital (as the case may be) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the Ordinary Shareholders;

“S2 Share Surplus” means the net assets of the Company attributable to the S2 Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities including the fees and expenses of liquidation or return of capital (as the case may be) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the S2 Shareholders;

“S3 Share Surplus” means the net assets of the Company attributable to the S3 Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities including the fees and expenses of liquidation or return of capital (as the case may be) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the S3 Shareholders;

“Statutes” means the Companies Act 1985 (as amended), and every other statute for the time being in force concerning companies affecting the Company.

2. Undertakings

Without prejudice to its obligations under the Statutes, the Company shall (i) procure that the Company’s records and bank accounts shall be operated so that the assets attributable to the S3 Shareholders can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall

procure that a separate income and expenditure account (or if applicable, profit and loss account) balance sheet and cash flow account and such other separate accounts as may, in the opinion of the Board, be desirable to ensure compliance by the Company with the provisions of section 842AA of the Taxes Act, shall be created and maintained in the books of the Company for the assets attributable to the S3 Shareholders, (ii) allocate to the assets attributable to the S3 Shareholders such proportion of the expenses and liabilities of the Company incurred or accrued as the Directors fairly consider to be allocable to the S3 Shares and (iii) give appropriate instructions to the Company’s investment managers and advisers to manage the Company’s assets so that such undertakings can be complied with by the Company.

3. Voting rights

Subject to any disenfranchisement as provided for 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, represented by an authorised representative) shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. The Ordinary Shares, S2 Shares and the S3 Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

4. Dividends

The rights of members to receive dividends are as follows:

- 4.1 the Ordinary Shareholders shall be entitled to receive, in that capacity, any dividends paid out of the net profits derived from the assets attributable to the Ordinary Shares;
- 4.2 the S2 Shareholders shall be entitled to receive in that capacity, any dividends paid out of the net profits derived from the assets attributable to the S2 Shares; and
- 4.3 the S3 Shareholders shall be entitled to receive in that capacity, any dividends paid out of the net profits derived from the assets attributable to the S3 Shares.

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. There are no fixed dates on which entitlements to dividends arise.

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.

5. Distribution of assets on liquidation

The capital and assets of the Company shall on a winding up or on a return of capital prior, in each case, to conversion be applied as follows:

- 5.1 the Ordinary Share Surplus shall be divided amongst the holders of the Ordinary Shares pro rata according to their holdings of Ordinary Shares;
- 5.2 the S2 Share Surplus shall be divided amongst the holders of S2 Shares pro rata according to their holdings of S2 Shares; and
- 5.3 the S3 Share Surplus shall be divided amongst the holders of S3 Shares pro rata according to their holdings of S3 Shares.

The Articles provide that the liquidator may, with the sanction of an extraordinary resolution and any other sanctions required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

6. Class consents and variation of rights

The holders of S3 Shares as a class, the holders of the S2 Shares as a class and the holders of the Ordinary Shares as a class shall be required to approve and, accordingly, without such approval, the special rights attached to the S3 Shares, the S2 Shares and the Ordinary Shares shall be deemed to be varied, *inter alia*, by:

- 6.1 any alteration to the Memorandum or Articles of Association; or
- 6.2 any consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued or authorised share capital of the Company; or
- 6.3 any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company; or
- 6.4 any change of the accounting reference date of the Company.

Whenever the capital of the Company is divided into different classes of shares, the rights attaching to any class may (unless otherwise provided by the terms 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 an extraordinary resolution passed at a separate meeting of such holders.

7. Directors and other interests

- 7.1 As at the date of this document, the total issued share capital of the Company is 31,492,172 Ordinary Shares and 15,665,524 S2 Shares.
- 7.2 The table below shows the interest of the Directors and their families and the interest of persons connected with them (within the meaning of section 346 of the Act) in the issued share capital of the Company as at 23 January 2007 (the latest practicable date prior to the publication of this circular) and the percentage then held of the voting rights exercisable on a poll at a general meeting of the Company.

Director	Ordinary Shares	S2 Shares	Percentage of Votes
Peter Dicks	50,000	25,625	0.16%
David Royds	20,000	25,562	0.10%
Peter Webb	205,250	41,000	0.52%
Jocelin Harris	10,000	-	0.02%

- 7.3 Peter Webb is a shareholder and director of Unicorn Asset Management, which acts as Manager to the Company.
- 7.4 David Royds is a shareholder and director of Matrix Group Limited which owns 100% of the capital of Matrix-Securities Limited which provides secretarial and accountancy services to the Company.
- 7.5 As at the date of this document the Company is not aware of any interests which represent 3 per cent. or more of the issued existing Share capital.
- 7.6 There are no proposed or existing Directors' service contracts but each Director has a letter of appointment.

8. Fees and expenses

Total annual expenses of the Ordinary Share Fund and S2 Share Fund are capped at 3.6 per cent. of the net asset value of each Fund. Subject to this cap, the Manager is entitled to an annual

management fee of 2 per cent. of the net assets attributable to the Ordinary Share Fund and S2 Share Fund. The annual management fees are calculated and payable quarterly in advance, together with any applicable VAT. The management fee will be replicated exactly for the S3 Share Fund and an expenses cap will apply to the S3 Share Fund.

9. Other expenses

The Company is responsible for external costs, such as legal and accounting fees, incurred on transactions that do not proceed to completion ("abort expenses") subject to the cap on total annual expenses referred to above. In line with common practice, the Manager retains the right to charge arrangement and syndication fees and directors' or monitoring fees ("deal fees") to companies in which the Company invests.

10. Arrangements for the offer

The Manager will also act as the promoter to the S3 Share Offer and Teather & Greenwood will act as the Sponsor to the Offer under the terms of an Offer Agreement to be entered into by the parties on substantially the same basis as for the original offers of Ordinary Shares and S2 Shares. The Manager will

receive 5.5% of the gross proceeds of the Offer out of which it will pay all costs of the Offer (including intermediaries commission). The Manager will manage the funds raised under the S3 Share Offer under a supplemental investment management agreement with the Company. The same fee arrangements will apply to the investment of the S3 Share Fund as apply to the Ordinary Share Fund and S2 Share Fund. In addition, the Manager, will be entitled to receive an incentive payment in relation to the performance of the S3 Share class on a similar basis as it enjoys for the current S2 and Ordinary Share Funds save that the "hurdle rate" will reflect current market practice and that of Unicorn AIM II VCT plc. Any future payment to the Manager under the S3 Share Fund incentive arrangement will at all times be an amount which is less than 5% of the net asset value of the S3 Share Fund. Matrix-Securities Limited will continue to provide company secretarial and accountancy services to the Company for the S3 Share Fund on the same basis as for the Ordinary and S2 Share Funds.

Further details of these arrangements will be set out in the prospectus which is intended to be published on or around 19 February 2007.

UNICORN AIM VCT PLC

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of Unicorn AIM VCT plc (the "Company") will be held at the offices of Matrix Group Limited, One Jermyn Street, London, SW1Y 4UH on 15 February 2007 at 2.00 p.m. for the purpose of considering and, if thought fit, passing the following Resolution as a special resolution:

Special Resolution

THAT (subject to the passing of the resolutions to be proposed at the separate meetings of the holders of Ordinary Shares and S2 Shares convened for 2.30 p.m. and 2.40 p.m. respectively on 15 February 2007):

- (1) The authorised share capital of the Company be increased from £650,000 to £950,000 by the creation of 30,000,000 S3 ordinary shares of 1p each ("S3 Shares"), such shares having attached thereto the respective rights and being subject to the respective limitations set out in the Articles of Association to be amended pursuant to paragraph (5);
- (2) in substitution for any existing authorities pursuant to Section 80 of the Companies Act 1985 (the "Act") the Directors be and are hereby authorised to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in Section 80(2) of the Act) of the Company up to an aggregate nominal value of £950,000 provided that this authority 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 equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements);
- (3) The Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority conferred upon them by paragraph (2) of this resolution as if Section 89(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:
 - (i) in connection with an offer for subscription of up to 20 million S3 Shares in the capital of the Company as set out in prospectus proposed to be published on or around 19 February 2007 (the "**S3 Share Offer**");
 - (ii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent. of the issued Ordinary Share Capital and/or the issued S2 Share Capital and/or the issued S3 Share Capital of the Company in connection with a rights issue where the Ordinary Shares or S2 Shares or S3 Shares offered to all holders of shares in the relevant class are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares or, as the case may be, S2 Shares or S3 Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or directions from any holders of equity securities to deal in some other manner with their respective entitlements, or the requirements of any recognised regulatory body or any stock exchange in any territory;
 - (iii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share Capital and/or the issued S2 Share Capital and/or the issued S3 Share Capital of the Company in connection with any dividend investment or similar scheme as may be introduced by the Company from time to time;
 - (iv) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share Capital and/or the issued S2 Share Capital and/or the issued S3 Share Capital of the Company where the proceeds of the allotment are to be used in whole or in part to purchase the Company's Ordinary Shares or, as the case may be, S2 Shares or S3 Shares in the market;
 - (v) the allotment (otherwise than pursuant to sub-paragraphs (i), (ii), (iii) and (iv) above) of equity securities with an aggregate nominal value of up to but not exceeding 5 per cent of the issued Ordinary Share Capital and/or the issued S2 Share Capital and/or the issued S3 Share of the Company;

and provided further that the authority conferred by this resolution shall expire on the earlier of the Annual General Meeting of the Company to be held in 2008 or the date which is fifteen months after the date on which this resolution is passed (unless previously renewed, varied or revoked by the Company in general meeting), except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities as aforesaid to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- (4) The Company be authorised to make one or more market purchases (within the meaning of section 166 of the Act (as defined in Section 163 (3) of the Act)) of its Ordinary Shares, S2 Shares and S3 Shares provided that:-
- (i) the maximum aggregate number of Ordinary Shares, S2 Shares and S3 Shares hereby authorised to be purchased is an amount equal to 14.99 per cent of the aggregate of the issued Ordinary Share Capital or, as the case may be, the issued S2 Share Capital or the S3 Share Capital of the Company immediately following the close of the Offer;
 - (ii) the minimum price which may be paid for such Ordinary Shares or, as the case may be, S2 Shares or S3 Shares is 1 penny per share, the nominal amount thereof;
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share or an S2 Share or an S3 Share shall be an amount equal to 105 per cent of the average of the middle market prices as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share, S2 Share or S3 Share as the case may be, is purchased.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the Annual General Meeting of the Company to be held in 2008 or the date which is fifteen months after the date on which this resolution is passed, and the Company may make a contract or contracts to purchase its own Ordinary Shares and/or S2 Shares and/or S3 Shares under this authority prior to the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own Ordinary Shares or, as the case may be, S2 Shares or S3 Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

- (5) the Articles of Association of the Company be amended to allow for the creation and issue of S3 Shares and, in particular, to reflect the rights and restrictions to be attached to the S3 Shares as summarised in the circular published by the Company on 24 January 2007, a copy of the draft Articles as so amended, being produced to the meeting and signed by the Chairman for the purposes of identification; and
- (6) the amount standing to the credit of the share premium account of the Company attributable to the S3 Shares at the date of the Order made on the hearing for the Petition for confirmation of this Resolution be cancelled.

By Order of the Board
Matrix-Securities Limited
Secretary

23 January 2007

Registered Number: 4266437
Registered Office: One Jermyn Street, London SW1Y 4UH

NOTES

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company.
- (ii) To be valid the enclosed form of proxy for the Extraordinary General Meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited not less than 48 hours prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR.
- (iii) Completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting.
- (iv) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 13 February 2007 or, in the event that the meeting is adjourned, in the Register of Members not less than 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 February 2007 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (v) The Register of Directors' Interests shall be available for inspection at the place of the Extraordinary General Meeting for at least fifteen minutes prior to and during the meeting.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE OF A MEETING OF ORDINARY FUND SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a separate meeting of the holders of Ordinary Shares of 1 pence each in the capital of the Company will be held at 2.30 pm on 15 February 2007 (or as soon thereafter as the Extraordinary General Meeting of the Company convened for 2.00 pm on that day has been concluded or adjourned) at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH for the following purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution:-

The holders of the Ordinary Shares of 1 pence each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

- (1) the passing and carrying into effect, as a special resolution of the Company, the Resolution set out in the notice of the Extraordinary General Meeting convened for 2.00 pm on 15 February 2007 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- (2) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may result from the passing and carrying into effect of the said Resolution and notwithstanding that the passing and carrying into effect of such Resolution may affect the rights and privileges attached to the Ordinary Shares.

BY ORDER OF THE BOARD
Matrix-Securities Limited
Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH
23 January 2007

NOTES

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company.
- (ii) To be valid the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited not less than 48 hours prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Capita Registrars, Proxy department, PO Box 25, Beckenham, Kent BR3 4BR
- (iii) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (iv) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as Ordinary Fund Shareholders as at midnight on 13 February 2007 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 February 2007 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (v) The Register of Directors' Interests shall be available for inspection at the place of the meeting for at least fifteen minutes prior to and during the meeting.
- (vi) Notice is hereby given that the necessary quorum for the above meeting shall be Ordinary Fund Shareholders present in person or by proxy holding not less than one third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 3.00 pm on 16 February 2007 to be held at Matrix Group Limited, One Jermyn Street, London SW1Y 4UH, or as soon as possible thereafter as may be arranged, and at such adjourned meeting the Ordinary Shareholders present in person or by proxy shall be a quorum regardless of the number of shares held.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE OF A MEETING OF S2 FUND SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a separate meeting of the holders of S2 Shares of 1 pence each in the capital of the Company will be held at 2.40 pm on 15 February 2007 (or as soon thereafter as the meeting of Ordinary Fund Shareholders of the Company convened for 2.30 pm on that day has been concluded or adjourned) at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH for the following purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution:-

The holders of the S2 Shares of 1 pence each in the capital of the Company ("S2 Shares") hereby sanction, approve and consent to:

- (1) the passing and carrying into effect, as a special resolutions of the Company, the Resolution set out in the notice of the Extraordinary General Meeting convened for 2.00 pm on 15 February 2007 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- (2) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the S2 Shares which will, or may result from the passing and carrying into effect of the said Resolution and notwithstanding that the passing and carrying into effect of such Resolution may affect the rights and privileges attached to the S2 Shares.

BY ORDER OF THE BOARD
Matrix-Securities Limited
Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH

23 January 2007

NOTES

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company.
- (ii) To be valid the enclosed form of proxy for the meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited no less than 48 hours prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR
- (iii) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (iv) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as S2 Fund Shareholders as at midnight on 13 February 2007 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 February 2007 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (v) The Register of Directors' Interests shall be available for inspection at the place of the meeting for at least fifteen minutes prior to and during the meeting.
- (vi) Notice is hereby given that the necessary quorum for the above meeting shall be S2 Fund Shareholders present in person or by proxy holding not less than one third of the paid up S2 Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 3.10 pm on 16 February 2007 to be held at Matrix Group Limited, One Jermyn Street, London SW1Y 4UH, or as soon as possible thereafter as may be arranged, and at such adjourned meeting the S2 Shareholders present in person or by proxy shall be a quorum regardless of the number of shares held.

PROXY FOR EXTRAORDINARY GENERAL MEETING UNICORN AIM VCT PLC

I/We
of
being a member/members of the Company hereby appoint the Chairman of the Meeting, or
of

as my/our proxy to vote, on a poll, in my/our name and on my/our behalf at the Extraordinary General Meeting of the Company to be held on 15 February 2007 at 2.00 p.m. at One Jermyn Street, London, SW1Y 4UH and at any adjournment thereof.

Please indicate with an "x" in the boxes below how you wish your vote to be cast. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Extraordinary General Meeting (including any motion to amend the resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the resolution set out in the Notice convening the Extraordinary General Meeting, which is proposed as a Special Resolution, as follows:

		For	Against	Vote withheld
(1)	To increase the authorised share capital of the Company to £950,000 by the creation of 30,000,000 S3 Shares of 1p each;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2)	To authorise the Directors to allot Shares;			
(3)	To authorise the Directors to disapply pre-emption rights of members;			
(4)	To authorise the Company to make market purchases of Shares;			
(5)	To amend the Articles of Association; and			
(6)	To cancel the amount standing to the credit of the share premium account of the Company attributable to the S3 Shares.			

Signed Dated

NOTES AND INSTRUCTIONS

1. A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote, on a poll, in his place. A proxy need not be a member of the Company.
2. Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the Meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his/her discretion as to whether, and if so how, he votes. Any alterations to the Form of Proxy should be initialled.
3. In the case of a Corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
4. To be effective, this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be completed and deposited at the office of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR no less than 48 hours prior to the time fixed for the holding of the Meeting.
5. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
6. The completion and return of this form of proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.

Third Fold (Tuck-in)

BUSINESS REPLY SERVICE
LICENCE No. MB 122

Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent
BR3 4BR



First Fold

Second Fold

First Fold

FORM of PROXY for MEETING of ORDINARY FUND SHAREHOLDERS of UNICORN AIM VCT PLC

I/We
of
being a member/members of the Company hereby appoint the Chairman of the Meeting, or
of

as my/our proxy to vote, on a poll, in my/our name and on my/our behalf at the Meeting of Ordinary Fund Shareholders of the Company to be held at 2.30 p.m. (or as soon thereafter as the Extraordinary General Meeting of the Company convened 2.00 p.m. on that day has been concluded or adjourned) on 15 February 2007 at the offices of Matrix Group Limited, Sixth Floor, One Jermyn Street London, SW1Y 4UH and at any adjournment thereof.

Please indicate with an 'x' in the boxes below how you wish your vote to be cast on the resolution in the event of a poll. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Meeting of Ordinary Fund Shareholders (including any motion to amend any resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the extraordinary resolution set out in the notice convening the meeting, as follows:

Extraordinary Resolution

	For	Against	Vote withheld
Approval of EGM Resolution and consent to variation of class rights.			

Signed Dated

NOTES AND INSTRUCTIONS

1. A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on a poll, in his place. A proxy need not be a member of the Company.
2. Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the Meeting. If this form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his/her discretion as to whether, and if so how, he votes. Any alterations to the Form of Proxy should be initialled.
3. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
4. To be effective, this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be completed and deposited at the office of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR no less than 48 hours prior to the time fixed for the holding of the Meeting.
5. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
6. The completion and return of this form of proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.



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BUSINESS REPLY SERVICE
LICENCE No. MB 122

Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent
BR3 4BR



First Fold

Second Fold

First Fold

FORM of PROXY for MEETING of S2 FUND SHAREHOLDERS of UNICORN AIM VCT PLC

I/We
of
being a member/members of the Company hereby appoint the Chairman of the Meeting, or
of

as my/our proxy to vote, on a poll, in my/our name and on my/our behalf at the Meeting of S2 Fund Shareholders of the Company to be held at 2.40 p.m. (or as soon thereafter as the Ordinary Fund Meeting of the Company convened 2.30 p.m. on that day has been concluded or adjourned) on 15 February 2007 at the offices of Matrix Group Limited, Sixth Floor, One Jermyn Street London, SW1Y 4UH and at any adjournment thereof.

Please indicate with an 'x' in the boxes below how you wish your vote to be cast on the resolution in the event of a poll. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Meeting of S2 Fund Shareholders (including any motion to amend the resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the extraordinary resolution set out in the notice convening the meeting, as follows:

Extraordinary Resolution

	For	Against	Vote withheld
Approval of EGM Resolution and consent to variation of class rights.			

Signed Dated

NOTES AND INSTRUCTIONS

1. A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on a poll, in his place. A proxy need not be a member of the Company.
2. Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the Meeting. If this form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his/her discretion as to whether, and if so how, he votes. Any alterations to the Form of Proxy should be initialled.
3. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
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