

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Shares in Matrix Income & Growth 2 VCT plc ("the Company"), please send this document, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Martineau, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

MATRIX INCOME & GROWTH 2 VCT PLC

(Registered in England and Wales with registered number 03946235)

Recommended Proposals to:

Merge the Share Classes of the Company, make consequential amendments to the Articles and renew and increase the authorities to issue and buy-back Shares;

Amend the Investment Policy of the Company;

and

Cancel the Share Premium Account of the Company

Your attention is drawn to the letter from the chairman of the Company set out in Part III of this document which contains a recommendation to vote in favour of the Resolutions to be proposed at the meetings referred to below. Your attention is also drawn to the risk factors set out in Part II of this document.

You will find set out at the end of this document notice of an Extraordinary General Meeting and separate class meetings of the holders of Ordinary Shares and C Shares to be held at 12.30 pm, 12.40 pm and 12.45 pm respectively, on 9 September 2010 at One Vine Street, London W1J 0AH to approve Resolutions to effect the Proposals contained herein.

To be valid, the relevant forms of proxy attached to this document should be returned not less than 48 hours before the relevant meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. For further information on any of the meetings or the completion and return of a form of proxy, please telephone the Capita Registrars helpline between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice.

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EXPECTED TIMETABLE

Latest time for receipt of forms of proxy for the Extraordinary General Meeting	12.30 pm on 7 September 2010
Latest time for receipt of forms of proxy for the Ordinary Share Class Meeting	12.40 pm on 7 September 2010
Latest time for receipt of forms of proxy for the C Share Class Meeting	12.45 pm on 7 September 2010
Annual General Meeting	noon on 9 September 2010
Extraordinary General Meeting	12.30 pm on 9 September 2010
Ordinary Share Class Meeting	12.40 pm on 9 September 2010
C Share Class Meeting	12.45 pm on 9 September 2010
CREST accounts suspended	close of business on 9 September 2010
Record Date and Share Merger NAV Reference Date for the Share Merger	close of business on 9 September 2010
Effective Date for the Share Merger*	10 September 2010
Amendment to the listing of Shares	13 September 2010
CREST accounts re-credited	14 September 2010
Certificates for the New Ordinary Shares dispatched	24 September 2010

(*this will therefore be the expected final date of trading of the existing Ordinary Shares and C Shares)

CORPORATE INFORMATION

Directors

Nigel Edward Melville
Sally Louise Duckworth (nee Leeson)
Adam Fletcher Downs Kingdon
Kenneth Charles Vere Nicoll

(all of the registered office)

Registered Office

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Company Number

03946235

Investment Manager and Administrator

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W1J 0AH

Company Secretary*

Matrix-Securities Limited
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W1J 0AH

Solicitors

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VCT Status Adviser

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Corporate Broker

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London
W1J 0AH

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Bankers

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54 Lombard Street
London
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*it is proposed to formally appoint Matrix Private Equity as the Company Secretary following the Extraordinary General Meeting.

PART I – DEFINITIONS

“Annual General Meeting”	the annual general meeting of the Company to be held on 9 September 2010
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company
“C Share Class Meeting”	the separate meeting of the holders of C Shares to be held on 9 September 2010
“C Shares”	C ordinary shares of 1p each in the capital of the Company (and each a “C Share”)
“C Shares fund”	the net assets of the Company attributable to the holders of C Shares
“CA 1985”	Companies Act 1985, as amended
“CA 2006”	Companies Act 2006, as amended
“Capita Registrars”	a trading name for Capita Registrars Limited
“Class Meetings”	the Ordinary Share Class Meeting and the C Share Class Meeting
“Companies Acts”	CA 1985 and CA 2006
“Company”	Matrix Income & Growth 2 VCT plc
“Deferred Shares”	the deferred shares of 1p each proposed to be created from the redesignation of Ordinary Shares into C Shares pursuant to the Share Merger
“Effective Date”	the date on which the Share Merger will be completed, this being 10 September 2010
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 9 September 2010
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“HMRC”	Her Majesty’s Revenue & Customs
“ITA 2007”	Income Tax Act 2007, as amended
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Matrix-Securities”	Matrix-Securities Limited of One Vine Street, London W1J OAH
“Matrix Private Equity”	Matrix Private Equity Partners LLP of One Vine Street, London W1J OAH
“Meetings”	the Extraordinary General Meeting and the Class Meetings
“NAV” or “net asset value”	net asset value
“New Ordinary Shares”	the new Ordinary Shares to be created by the Share Merger (and each a “New Ordinary Share”)
“Official List”	the official list of the UKLA
“Ordinary Share Class Meeting”	the separate meeting of the holders of Ordinary Shares to be held on 9 September 2010
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company (and each an “Ordinary Share”)
“Ordinary Shares fund”	the net assets of the Company attributable to the holders of Ordinary Shares
“Proposals”	the proposals to effect the Share Merger and pass the Resolutions
“Record Date”	the record date to which Shareholders’ entitlements pursuant to the Share Merger will be allocated, this being 9 September 2010

“Resolutions”	the resolutions to be proposed at the Meetings (and each a “Resolution”)
“Share Merger”	the proposed merger of the Ordinary Shares and C Shares as set out on pages 10 and 11 of this document
“Share Merger NAV Reference Date”	the reference date for the NAVs for the Share Merger, this being close of business on 9 September 2010
“Shareholder”	a holder of Shares
“Shares”	prior to the Share Merger, Ordinary Shares and C Shares and, following the Share Merger, the New Ordinary Shares (and each a “Share”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
“VCT” or “venture capital trust”	a venture capital trust as defined in section 259 of ITA 2007

PART II – RISK FACTORS

Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are all known material risks in relation to an investment in the Company and the Share Merger. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or results of operations. The value of the Shares could decline due to any of the risk factors described below and Shareholders could lose part or all of their investment. Shareholders should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

Completion of the Proposals is dependent upon the approval of Shareholders. Whilst the Board has identified a number of potential benefits for the Company, there is no certainty that these benefits will lead to improved prospects for the Company.

The value of Shares and the income from them can fluctuate and Shareholders may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect their underlying NAV or that any dividends will be paid, nor should Shareholders rely upon any share buy-back policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV.

Although the existing Shares have been (and it is anticipated that the New Ordinary Shares following the Share Merger will continue to be) admitted to the Official List and are (or will remain) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the market and because VCT shares usually trade at a discount to NAV) and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment.

The past performance of the Company is no indication of future performance. The return received by Shareholders will be dependent on the performance of the underlying investments. The value of such investments, and interest income and dividends therefrom, may rise or fall.

Although the Company may receive conventional venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.

The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.

Investment in AIM-traded, PLUS market-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be more dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes than larger companies. In addition, the market for securities in smaller companies is often less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

To the extent that the investee companies are unable to pay the interest on the loan stock instruments, the Company's income return will be adversely affected.

Investee companies may have debt, such as bank loans, which rank ahead of the loan stock issued to the Company.

Where more than one of the funds managed or advised by Matrix Private Equity wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net funds raised and allocated to Matrix Private Equity for each fund. When one of the funds managed or advised by Matrix Private Equity is in its fund raising period,

its net funds raised, for the purpose of allocation, will be assumed to be the value of shares allotted at the time the allocation calculation is made. Implementation of this policy will be subject to the availability of funds to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70 per cent. of a particular VCT's portfolio in VCT qualifying holdings. This may mean that the Company may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.

Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

If a Shareholder disposes of his or her Shares within five years of issue (three years if such Shares were issued on or between 6 April 2000 and 5 April 2006), he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed. For these purposes, the date of issue of the New Ordinary Shares issued pursuant to the Share Merger will be the original date of issue of the Shares, in respect of which such New Ordinary Shares are issued.

If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced.

The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively.

Any purchaser of existing Shares in the market will not qualify for the then (if any) available tax reliefs afforded to subscribers of new VCT shares on the amount invested.

Changes in legislation, including those proposed in the Budget Report 2010 and the Emergency Budget Report 2010, concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investments opportunities for the Company and/or reduce the level of returns which would otherwise have been available to the Company.

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments of the Company, are or become unable to meet VCT requirements.

Shareholders of one Share class may be adversely affected by the performance of the investments in the portfolio of the other Share class made by the Company. The performance of the investments of the Company currently attributable to one Share class, may restrict the ability of the Company following the Share Merger to distribute any capital and revenue gains achieved on the investments of the Company. Any gains (or losses) made on the investments of the Company will, following the Share Merger, be shared amongst the holders of all Shares then in issue.

PART III – LETTER FROM THE CHAIRMAN

MATRIX INCOME & GROWTH 2 VCT PLC

(Registered in England and Wales with registered number 03946235)

Directors:

Nigel Melville (Chairman)
Sally Duckworth (nee Leeson)
Adam Kingdon
Kenneth Vere Nicoll

Registered Office:

One Vine Street
London
W1J 0AH

13 August 2010

Dear Shareholder

Recommended Proposals to merge the Share classes of the Company, make consequential amendments to the Articles and renew and increase the authorities to issue and buy back Shares, amend the investment policy of the Company and cancel the share premium account of the Company

Introduction

The Company was originally launched in 2000 and raised funds pursuant to an issue of Ordinary Shares. Approval from Shareholders was obtained in 2005 to create and issue C Shares, this fund being largely raised in 2008. It was agreed that the Company should raise this additional capital through a separate class of shares to enable the Company to raise additional capital on a basis which would be entirely neutral to any changes in net asset value of the Ordinary Shares fund.

The Ordinary Shares and C Shares have been managed as separate funds as envisaged at the time of launch of the C Shares. It was, however, provided that a merger of the Ordinary Shares and C Shares would take place when the Board believed it to be in the best interests of Shareholders for the funds to be merged.

The portfolios of both the Ordinary Shares fund and the C Shares fund are now established and are pursuing a common investment policy. Separate share classes can also result in additional annual expenses in relation to registrars, auditors and other fixed fees. The Board, therefore, believes it to be in the best interests of both the Shareholders and the Company to merge the Ordinary Shares and C Shares into one class of share to achieve simplification and to reduce administrative and other costs.

The Articles provide for a merger of the funds to be completed by merging the C Shares into the Ordinary Shares by reference to their respective NAVs. The Board believes that a merger of the Ordinary Shares into the C Shares would be more beneficial as it results in the smaller fund being merged into the more recent larger fund. A revised mechanism is, therefore, being proposed to complete a merger of the funds. It is also proposed to make amendments to the Articles to reflect the Share Merger, renew and increase the authorities to issue and buy back Shares and cancel the share premium account of the Company.

The management and administration arrangements for the Company with Matrix will, save as disclosed at page 11, remain the same in all material respects, though the opportunity will be taken to amalgamate the numerous existing agreements into one agreement to reflect the fact that the administration services originally provided by Matrix-Securities are now provided by Matrix Private Equity following a re-organisation of the Matrix group structure. In connection with the two different management incentive schemes, the underlying objective has been to retain the existing arrangements so that Shareholders are not disadvantaged and, on this basis, the Board considers that this is best achieved by the existing performance incentive arrangements continuing in place within the merged Share class.

In addition, the Board proposes to amend the investment policy of the Company in respect of funds awaiting investment to allow consideration of a wider range of opportunities with the potential for a higher rate of income return, while still aiming to safeguard the Company's capital.

The background and rationale for these Proposals are detailed below.

To effect the Proposals the consent of Shareholders, pursuant to CA 2006 and the Listing Rules, is being sought at the Meetings to approve the Share Merger, amend the Articles and renew and increase the authorities to issue and buy back Shares, amend the investment policy of the Company and cancel the share premium account of the Company.

Benefits of the Share Merger

Separate Share classes are likely to result in additional annual expenses in relation to registrars, auditors and other fixed fees. A single class of Share would achieve simplicity, reduced costs and administrative efficiency.

The benefits of a merger of the Share classes include:

- the holders of Ordinary Shares will access a portfolio with significant cash reserves;
- the holders of C Shares will access a portfolio of older investments with greater potential for earlier capital realisations;
- greater investment flexibility for each Share class across one fund providing the opportunity to invest in larger investments and across a greater number of sectors for diversification;
- simplicity - in particular for the internal and published results for the Company; and
- the avoidance of the additional administration costs (such as audit, registrars, listing and printing fees) associated with the maintenance of two internal funds.

The Board believes that the merger of the two Share classes will provide the Company with cost savings and strategic benefits which outweigh the cost of the Share Merger.

Share Merger

The Share Merger will be effected as follows:

- a proportion of the Ordinary Shares held by a Shareholder on 9 September 2010 (the Record Date) will be redesignated as C Shares, calculated by reference to the respective NAVs of each Share class as at 9 September 2010 (the Share Merger NAV Reference Date);
- the residual balance of any Ordinary Shares held by a Shareholder which are not redesignated as C Shares will be redesignated as Deferred Shares having no economic value;
- the Deferred Shares will be bought back by the Company for an aggregate amount of 1p, such shares to be cancelled and redesignated as New Ordinary Shares; and
- the C Shares (existing and those created in the above redesignations) will then be redesignated as New Ordinary Shares.

This Share Merger will result in the Company having one class of Share, namely New Ordinary Shares.

Shareholders who hold their existing Shares in certificated form will receive replacement certificates in respect of the New Ordinary Shares arising from the Share Merger and existing Share certificates in respect of Ordinary Shares and C Shares will no longer be valid. Shareholders who hold their Shares in CREST will have their revised holding of New Ordinary Shares credited to their CREST accounts.

Although the New Ordinary Shares arising from the redesignations already have a listing on the Official List and are admitted on the London Stock Exchange's market for listed securities, the UKLA and London Stock Exchange require amendment applications in connection with listing and admission to clarify the total number and designation of the Shares in issue following the Share Merger. Such amendments are expected to take place on 13 September 2010. The New Ordinary Shares will rank *pari passu* from the date the existing Shares are so redesignated pursuant to the Share Merger and may continue to be held in uncertificated form.

Whilst the Share Merger could be completed by reference to the audited NAVs as at 30 April 2010, the Board believe more up-to-date NAVs should be used and, therefore, the Share Merger NAV Reference Date will be 9 September 2010 (these merger NAVs being the unaudited net asset values of each Share class as at 31 July 2010 adjusted for material movements after that date to 9 September 2010).

Example:

As at 30 April 2010, the NAVs of the Ordinary Shares and C Shares (taken from the audited accounts of the Company to 30 April 2010 (and adjusted for the recent interim dividend of 1p per C Share)) were 72.1p and 86.47p respectively. Had the Share Merger been completed at that date, the conversion ratio into New Ordinary Shares would have been as follows:

	Ordinary Shares	C Shares
NAV per Share (A)	72.10p	86.47p
NAV per C Share (B)	86.47p	86.47p
Conversion ratio (A/B)	0.8338	1.0

The opening unaudited NAV of a New Ordinary Share would, therefore, have been 86.47p had the Share Merger been completed on 30 April 2010 (before costs of the Share Merger and taking into account subsequent dividends paid).

Amendments to the Articles, Share Issues and Share Buy-Backs

In light of the Share Merger, it is also proposed to make consequential amendments to the Articles to remove the existing separate Ordinary Share and C Share provisions.

The Company also proposes to renew its authorities to issue New Ordinary Shares (having disapplied pre-emption rights) following the Share Merger (i) up to an aggregate nominal value of £16,000 in connection with conditional performance warrants, (ii) up to 10 per cent. of its enlarged issued New Ordinary Share capital in connection with any dividend investment scheme and (iii) up to 10 per cent. of its enlarged issued New Ordinary Share capital for other purposes, including top-up offers. The current intention of the Board is to use these authorities for the purposes of top-up offers and issuing shares in connection with a dividend investment scheme (if one is adopted) and conditional performance warrants.

In addition, the Company proposes to renew its share buy-back authority to purchase up to 5,009,353 New Ordinary Shares (representing approximately 14.99 per cent. of the expected merged share capital of the Company). The intention of the Board is to use this authority to continue operating the buy-back policy.

Annual Management and Administration Arrangements

The only material changes to the annual management and administration arrangements for the Company and Matrix will be that they will be amalgamated into one agreement across the merged Share class and that those payments presently made quarterly in arrears will be made quarterly in advance. The fees are currently 2 per cent. of net assets of the Company plus £104,432, the £104,432 element being increased annually in line with the Retail Prices Index (plus VAT if applicable).

Performance Incentive Arrangements

The Board and Matrix Private Equity have considered the existing performance incentive arrangements and how best to apply them to a merged Share class. The existing arrangements are as follows:

Ordinary Shares fund

- conditional performance warrants in favour of Matrix Private Equity, the original directors of the Company and the original advisers to the Company (Mark Burgess and Helen Sinclair) to subscribe for Ordinary Shares at 1p per share over 16.67 per cent. of (i) the Ordinary Shares issued pursuant to the original offer and (ii) the Ordinary Shares the subject of the performance warrants, exercise of which is conditional on the meeting of a specified hurdle;
- the hurdle to be met requires cumulative dividends amounting to the equivalent of 80p for each Ordinary Share in issue to have been declared or paid at any time before the seventh anniversary of the close of the original offer, whereafter the entitlement to subscribe for Ordinary Shares is reduced by 1.5 per cent. per annum until the twelfth anniversary (being 22 December 2012), after which, if the hurdle has not been reached, the performance warrants lapse.

C Shares fund

- a performance incentive fee. of 20 per cent. of the excess above a target rate of dividends of 6p per annum (increased by RPI after the third accounting period following launch) paid to the holders of C Shares.

- the performance incentive fee will only be payable if the mean NAV per C Share over the year relating to payment has remained at or above 100p, payable annually, with any cumulative shortfalls below the 6p threshold in any year having to be made up in later years (and on which performance incentive fees are not earned).

Both the Board and Matrix Private Equity consider that the existing arrangements should continue following the Share Merger and have sought advice from PKF (UK) LLP, the Company's auditors, as to how they should be operated within the merged Share class. The following operation has been agreed:-

- the existing conditional warrants right entitlement in respect of the Ordinary Shares fund will continue but operated as follows:
 - an entitlement to subscribe for New Ordinary Shares representing 16.67 per cent. (as reduced by 1.5 per cent per annum as referred to above) of (i) the New Ordinary Shares which are derived from the original Ordinary Shares and (ii) the New Ordinary Shares the subject of the performance warrants;
 - subject to a hurdle of cumulative dividends amounting to 80p x A (where A is the C Shares merger NAV per share divided by the Ordinary Shares merger NAV per share) per New Ordinary Share - dividends paid prior to the Share merger will be restated taking into account the Share Merger for the purposes of assessing the amount of distributions paid. If the hurdle has not been reached by 22 December 2012, the performance warrants will lapse as the agreement envisages.

The above provides for the entitlement and hurdle to be appropriately applied to the relevant proportion of the New Ordinary Shares represented by the original Ordinary Shares fund and at a hurdle rate taking into account the revised number of shares attributable to such fund. If the Share Merger had been completed on 30 April 2010, the hurdle would have been 95.94p per share (32.13p of which having been paid, on a restated basis) and the conditional warrants entitlement would be to 1,478,743 shares.

- the performance incentive fee entitlement in respect of the C Shares fund will continue but operated as follows:
 - the performance incentive fee payable will be calculated as an amount equivalent to 20 per cent of the excess of annual dividends paid to the holders of New Ordinary Shares but then reduced to the proportion which the C Shares aggregate merger net asset value represents of the entire merger net asset value of the Company; and
 - the dividend shortfall per C Share to the Effective Date of the Share Merger, which, at 30 April 2010 was 13.18p (£2,285,704 in aggregate, calculated on the basis of a weighted average number of C Shares in issue from time to time and taking into account the target rate of dividends and the dividends paid to C Shareholders) will apply to the New Ordinary Shares.

The 6p annual dividend hurdle (as adjusted for RPI) and the £1 NAV maintenance provisions will continue to apply in respect of shares in issue and funds raised at the date of the Share Merger.

The Board and Matrix Private Equity believe the above operation will result in the existing arrangements being carried forward into the merged Share class. As an example (calculated, and based on the Share Merger having been completed on, 30 April 2010), for performance incentive fees to be paid in respect of the original C Shares fund arrangements and Ordinary Shares fund arrangements, the applicable dividend and NAV maintenance hurdles would need to be met in respect of all shares in issue within the enlarged New Ordinary Share class. In respect of the C Shares fund, to maintain £1 of NAV per New Ordinary Share an increase in net assets of approximately £3.7 million is required and further, to meet the existing dividend shortfall, approximately £3.5 million of dividends would have to be paid. In respect of the Ordinary Shares fund arrangements, and on the same basis, approximately £17 million of dividends would need to be paid by 22 December 2012.

The above operation of the performance incentive arrangements has been reviewed by PKF (UK) LLP which has confirmed that this is both consistent with, and fair and appropriate under, the existing performance incentive agreements (which, under the C Share performance incentive agreement, as auditors, PKF (UK) LLP are required to assess and confirm). As such operation is within the scope of the original performance incentive agreements, no amendments to the agreements are required.

Amendment to the Investment Policy

The Company's current investment policy is as set out in Part IV.

Shareholders will be aware that the income earned on the Company's funds awaiting investment, currently held in cash and lower risk money market funds, has fallen to very low levels, adversely affecting the level of income dividends Shareholders can receive. The Board believes that the current investment policy on these funds constrains them from considering a wider range of alternatives to the current holdings in money-market funds. Accordingly, Shareholders are being asked to approve a change in investment policy relating to the funds awaiting investment.

The Board will consider whether the Company's cash resources could be invested in a wider range of opportunities, to aim to achieve a higher rate of income return, while still aiming to safeguard the Company's capital. The Board wishes to emphasise strongly that it is not their present intention to increase the level of risk associated with higher levels of income. However, the Board would like to be able to consider a wider range of alternatives in the future should a suitable situation occur, subject to the general aim of safeguarding the Company's capital being maintained.

It is therefore proposed that the following statement in the current investment policy:

“Uninvested funds are held in cash and lower risk money market funds”

be deleted and replaced with:

“The Company's cash and liquid resources may be invested to maximise income returns in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised”.

Cancellation of the Share Premium Account

One of the main principles of company law is that the capital of a company should be maintained and, therefore, a company with share capital must obtain proper consideration for the shares that it issues and must not return funds which have been subscribed for shares except in certain prescribed ways. The principle of maintenance of capital underlies various provisions of CA 2006 – for example, a company may only make distributions to its members out of distributable profits and a company may only buy-back its own shares in limited circumstances.

A company can, however, reduce its share capital in circumstances where creditors will not be adversely affected, provided that the company complies with certain procedural requirements. CA 2006 provides that a company may reduce its capital by special resolution subject to confirmation by the court. A special reserve will then be created from the sums set free from such a cancellation which can be regarded as a distributable reserve.

The Company has completed previous cancellations of its share premium, and the special reserve created by such cancellation has assisted the Company in writing off losses, enhancing the ability to make distributions and buying back Shares. The issue of new Shares under any dividend investment scheme and any future fundraisings will result in the creation of further share premium.

The Board considers it appropriate to obtain approval of Shareholders at the Extraordinary General Meeting to cancel the share premium account (subject to court sanction) to create further distributable reserves to fund distributions to Shareholders and buy-backs, to set off or write off losses to and for other corporate purposes of the Company. Application to court will be made if and when the Board feel this is appropriate. This authority is being taken now to provide flexibility to the Board in the future without a further general meeting having to be convened.

Taxation

The following paragraphs apply to the Company and to persons holding Shares as an investment in the Company who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons such as dealers in securities. The information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The Share Merger, and the associated redesignations (in respect of both the redesignation of Ordinary Shares into C Shares and also the redesignation of C Shares into New Ordinary Shares) and the purchase of Deferred Shares, will not constitute disposals of the existing Shares held in the Company for the purposes of UK taxation. Instead, the resulting New Ordinary Shares will be treated as having been acquired at the cost and on the date as the full original holding from which they arise (but allocated pro-rata between such New Ordinary Shares). Any capital gains tax deferral obtained on subscription will not, therefore, be triggered.

The implementation of the Share Merger should not affect the status of the Company as a VCT.

No UK stamp duty will be payable as a result of the Share Merger.

Clearances to the above effect have been obtained from HMRC under section 701 ITA 2007 and Section 138 TCGA 1992 as well as pursuant to VCT provisions.

It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Share Merger so as to continue to qualify as a VCT.

Extraordinary General Meeting

A notice convening an Extraordinary General Meeting of the Company to be held at 12.30 pm on 9 September 2010 at One Vine Street, London W1J 0AH can be found on pages 24 to 27 of this document. At this meeting the following resolutions will be proposed:

Resolution 1

Resolution 1 to be proposed is a composite resolution which will effect the Share Merger, amend the Articles to reflect the Share Merger and renew Share issue and buy-back authorities as follows:

- Paragraph 1 of Resolution 1 will redesignate the relevant proportion of Ordinary Shares into C Shares and Deferred Shares by reference to the relative NAVs of the two Share classes;
- Paragraph 2 of Resolution 1 will redesignate all C Shares into New Ordinary Shares;
- Paragraph 3 of Resolution 1 will approve the amendment to the Articles to delete references to separate Share classes and provide for the rights attaching to the Deferred Shares;
- Paragraph 4 of Resolution 1 will authorise the Company to re-purchase the Deferred Shares;
- Paragraph 5 of Resolution 1 will authorise the Directors pursuant to Section 551 CA 2006 to allot Shares in the Company up to an aggregate nominal value of £66,836 (representing 23.36 per cent. of the issued Share capital of the Company as at 12 August 2010, this being the latest practicable date prior to publication of this document) for the purpose set out in paragraph 6 of Resolution 1 (the authority conferred by paragraph 5 of Resolution 1 will expire on the conclusion of the annual general meeting of the Company to be held in 2011 and will be in addition to existing authorities);
- Paragraph 6 of Resolution 1 will disapply pre-emption rights in respect of the allotment of equity securities (i) up to an aggregate nominal value of £16,000 in connection with conditional performance warrants, (ii) up to 10 per cent. of its issued share capital from time to time in connection with any dividend investment scheme and (iii) up to 10 per cent. of its issued Share capital from time to time, the proceeds of which may be used, in part or whole, to purchase the Company's own Shares in the market (the authority conferred by paragraph 6 of Resolution 1 will expire on the conclusion of the annual general meeting of the Company to be held in 2011 and will be in addition to existing authorities); and
- Paragraph 7 of Resolution 1 will authorise the Company to make market purchases of up to 5,009,353 Shares - any Shares bought back under this authority will be at such price as may be determined by the Board, but in accordance with the Listing Rules, and may be cancelled or held in treasury as may be determined by the Board (the authority conferred by paragraph 7 of Resolution 1 will expire on the conclusion of the annual general meeting of the Company to be held in 2011 and will be in addition to existing authorities).

Resolution 1 is conditional on the passing of the Resolutions to be proposed at the separate Class Meetings but is not conditional on Resolutions 2 and/or 3 being passed.

Resolution 2

Resolution 2 to be proposed will approve the cancellation of the share premium account of the Company (subject to court sanction).

Resolution 2 is not conditional on the passing of Resolutions 1 and/or 3, or the Resolutions to be proposed at the separate Class Meetings being passed.

Resolution 3

Resolution 3 to be proposed will approve an amendment to the Company's investment policy in respect of the VCT non-qualifying investments.

Resolution 3 is not conditional on the passing of Resolutions 1 and/or 2, or the Resolutions to be proposed at the separate Class Meetings being passed.

Resolutions 1 and 2 will be proposed as special resolutions requiring the approval of 75 per cent. of the votes cast at the meeting and Resolution 3 will be proposed as an ordinary resolution requiring the approval of more than 50 per cent. of the votes cast at the meeting.

Separate Class Meetings

Notices convening separate Class Meetings of the holders of Ordinary Shares and C Shares of the Company to be held at 12.40 pm and 12.45 pm respectively on 9 September 2010 can be found on pages 28 to 31 of this document. At these meetings resolutions will be proposed to approve Resolution 1 only to be proposed at the Extraordinary General Meeting and to consent to any variation of class rights resulting therefrom.

The resolutions at these separate Class Meetings will be proposed as extraordinary resolutions requiring the approval of 75 per cent. of the votes cast at the meeting.

Recommendation

The Board considers that the Proposals and Resolutions to be proposed at the Meetings are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the Meetings as they intend to do in respect of their own beneficial shareholdings totalling 40,900 Ordinary Shares and 70,310 C Shares (representing 0.36 per cent. of the issued Ordinary Share capital of the Company, 0.41 per cent. of the issued C Share capital of the Company and 0.39 per cent. of the combined issued Share capital of the Company).

Action to be taken

Attached to this document are forms of proxy for use at the Meetings. Shareholders are asked to complete and return the relevant forms of proxy to the Company's registrar, Capita Registrars, so as to be received as soon as possible, and in any event to arrive no later than 48 hours before the time of the relevant meeting. Completion and return of a form of proxy will not affect a Shareholder's right to attend and vote at the relevant Meetings should he or she wish to do so.

Yours faithfully



Nigel Melville
Chairman

PART IV – INVESTMENT POLICY

Current Investment Policy

The Company's current investment policy is as set out below.

Investment policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

Investments are made selectively across a number of sectors, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not own. Investments are primarily made in companies that are established and profitable.

Uninvested funds are held in cash and low risk money market funds.

UK companies

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15 per cent. of its investments in a single company and must achieve at least 70 per cent. by value of its investments throughout the period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30 per cent. by value must be ordinary shares which carry no preferential rights. In addition, although the Company can invest less than 30 per cent. of an investment in a specific company in ordinary shares, it must have at least 10 per cent. by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights.

Asset mix

Matrix Private Equity aims to hold approximately 80 per cent by value of the Company's investments in qualifying holdings. The balance of the portfolio is held in readily realisable interest bearing investments and deposits.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured using a significant proportion of loan stock (up to 70 per cent. of the total investment in each VCT qualifying company). Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £1 million at cost. Normally, no holding in any one company will be greater than 10 per cent. (but in any event will not be greater than 15 per cent.) of the value of the Company's investments, based on cost, at the time of investment. Ongoing monitoring of each investment is carried out by Matrix Private Equity, generally through taking a seat on the board of each VCT qualifying company.

Co-investment

The Company aims to invest alongside the four other VCTs advised by Matrix Private Equity with a similar investment policy. This enables the Company to participate in combined investments advised on by Matrix Private Equity of up to £5 million.

Borrowing

The VCT has no borrowing and does not have any current plans for future borrowings.

Management

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by Matrix Private Equity and are then subject to formal approval by the Directors. Matrix-Securities provides Company Secretarial and Accountancy services to the VCT.

Proposed Investment Policy

It is proposed to amend the Company's investment policy in respect of the VCT non-qualifying investments, subject to approval by Shareholders of Resolution 3 to be proposed at the Extraordinary General Meeting. The proposed revised investment policy will be as set out below.

Investment policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

Investments are made selectively across a number of sectors, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not own. Investments are primarily made in companies that are established and profitable.

The Company's cash and liquid resources may be invested to maximise income returns in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

UK companies

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15 per cent. of its investments in a single company and must achieve at least 70 per cent. by value of its investments throughout the period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30 per cent. by value must be ordinary shares which carry no preferential rights. In addition, although the Company can invest less than 30 per cent. of an investment in a specific company in ordinary shares, it must have at least 10 per cent. by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights.

Asset mix

Matrix Private Equity aims to hold approximately 80 per cent by value of the Company's investments in qualifying holdings. The balance of the portfolio is held in readily realisable interest bearing investments and deposits.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured using a significant proportion of loan stock (up to 70 per cent. of the total investment in each VCT qualifying company). Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £1 million at cost. Normally, no holding in any one company will be greater than 10 per cent. (but in any event will not be greater than 15 per cent.) of the value of the Company's investments, based on cost, at the time of investment. Ongoing monitoring of each investment is carried out by Matrix Private Equity, generally through taking a seat on the board of each VCT qualifying company.

Co-investment

The Company aims to invest alongside the four other VCTs advised by Matrix Private Equity with a similar investment policy. This enables the Company to participate in combined investments advised on by Matrix Private Equity of up to £5 million.

Borrowing

The VCT has no borrowing and does not have any current plans for future borrowings.

Management

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by Matrix Private Equity and are then subject to formal approval by the Directors. Matrix-Securities provides Company Secretarial and Accountancy services to the VCT.

PART V – ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 3.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (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.

2. Share Capital

2.1 As at 12 August 2010 (this being the latest practicable date prior to the publication of this document), the authorised and issued share capital of the Company was as follows:

	Authorised		Issued and fully paid	
	No. of Shares	£	No. of Shares	£
Ordinary Shares (1p each)	42,000,000	420,000	11,259,333	112,593
C Shares (1p each)	42,000,000	420,000	17,346,339	173,464
Total	84,000,000	840,000	28,605,672	286,057

2.2 As at 12 August 2010 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was (save as set out at paragraph 5.1.2 below) under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

3. Directors and their Interests

3.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

- Nigel Melville (Chairman)
- Adam Kingdon
- Sally Duckworth
- Kenneth Vere Nicoll

all of One Vine Street, London W1J OAH (the registered office of the Company).

3.2 As at 12 August 2010 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families) in the issued Share capital of the Company were as follows:

	Ordinary Shares	C Shares	Total Shares	% of Share Capital
Nigel Melville	20,450	26,808	47,258	0.17
Adam Kingdon	–	5,709	5,709	0.02
Sally Duckworth	–	–	–	–
Kenneth Vere Nicoll	20,450	37,793	58,243	0.20

3.3 None of the Directors has a service agreement with the Company, nor are any such contracts proposed. The Directors were appointed under letters of appointment dated 10 May 2000 in respect of Nigel Melville and Kenneth Vere Nicoll, 29 September 2006 in respect of Adam Kingdon and 1 January 2007 in respect of Sally Duckworth. All appointments may be terminated on 3 months' notice. No arrangements have been entered into by the Company, entitling the Directors to compensation for loss of office. Nigel Melville is entitled to annual fees of £20,000, Adam Kingdon is entitled to annual fees of £17,500 whilst Sally Duckworth and Kenneth Vere Nicoll are entitled to annual fees of £15,000. Fees paid to the Directors in respect of the year ended 30 April 2010 were £67,500 and are expected to be the same for the current year.

- 3.4 Kenneth Vere Nicoll was, until 30 November 2009, a director and remains a shareholder of Matrix Group Limited, which owns Matrix-Securities, Matrix Private Equity Partners Limited, and has a 51 per cent. interest in Prime Rate Capital Management LLP and Matrix Corporate Capital LLP. Matrix Private Equity Partners Limited has a 50 per cent. interest in Matrix Private Equity. He was also a director of Matrix-Securities. The Company pays a management fee of 0.05 per cent. per annum on the amount invested in a liquidity fund managed by Prime Rate Capital Management LLP, from which it earned income of £24,485 in the year ended 20 April 2010.
- 3.5 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 30 April 2008, 2009 and 2010 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

4. Substantial Shareholders

As at 12 August 2010 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FSA, a holding of 3 per cent. or more must be notified to the Company).

5. Material Contracts

5.1 Save as disclosed in this paragraph 5.1, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

5.1.1 An investment advisers' agreement dated 10 May 2000 between the Company (1), Matrix Private Equity (Managers) Limited (2) and Mark Burgess and Helen Sinclair (3) (as novated to Matrix Private Equity and amended by various agreements dated 3 July 2001, 20 September 2005 and 20 October 2006) pursuant to which Matrix Private Equity is now appointed to provide advisory investment management services in respect of the Company's investments in VCT qualifying investments relating to the Ordinary Shares fund.

Matrix Private Equity is entitled to an annual management fee of 2 per cent. of the net asset value (adjusted) attributable to the Ordinary Shares fund, payable quarterly in advance, together with any applicable VAT. Fees payable to Matrix Private Equity are subject to reduction where the annual expenses of the Company (these being normal running costs) excluding VAT exceed 3.6 per cent. of the net assets of the Company as provided for in the agreement detailed at paragraph 5.1.3 below.

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, Matrix Private Equity retains the right to charge arrangement and syndication fees and directors' or monitoring fees ("deal fees") to companies in which the Company invests.

The agreement may be terminated by either party giving to the other written notice of not less than twelve months. The agreement may also be terminated by the Company in the event of material breach by or insolvency of Matrix Private Equity.

5.1.2 A carried interest agreement dated 10 May 2000 between the Company (1) Matrix Private Equity Limited (2), Michael Cumming, Larry Sullivan, Darryl Mattocks and Fredrik Adams ("Original Directors") (3) and Mark Burgess and Helen Sinclair ("Original Advisers") (4), pursuant to which the Company granted to each of the parties conditional performance warrants to subscribe for Ordinary Shares at 1p per share over 16.67 per cent. of (i) the Ordinary Shares issued pursuant to the original offer and (ii) the Ordinary Shares the subject of the performance warrants. The conditional performance warrants were split 50 per cent. to Matrix Private Equity Limited, 15 per cent. to the Original Directors (in equal shares) and 35 per cent. to the Original Advisers (in the ratio 22.5:12.5 between Mark Burgess and Helen Sinclair).

The conditional performance warrants can be exercised on the meeting of a hurdle, this being (i) that the cumulative distributions (whether cash or otherwise, paid or declared) amounts to 80p on each Ordinary Share subscribed under the original offer before the seventh anniversary of the close of the original offer; or (ii) on or after the seventh anniversary of the close of the original offer the aggregate of all distributions plus realised gains which, as at the date of calculation, have not been distributed and less realised and unrealised losses amounts to 80p on each Ordinary Share subscribed under the original offer (but the percentage of Ordinary Shares (i.e. 16.67 per cent.) will be reduced by 1.5 per cent per year until the twelfth anniversary).

The conditional performance warrants lapse on the twelfth anniversary of the close of the original offer (being 22 December 2012).

On the termination of the appointment of a party, the conditional performance warrants to which they are entitled is restricted pro-rata to that proportion of the capital of the Company which has been invested in venture capital investments on the date of termination (disregarding capital not invested provided it does not represent more than 20 per cent. of the Company's capital).

The entitlement under this agreement to Matrix Private Equity Limited has been assigned to Matrix Private Equity.

- 5.1.3 A supplemental investment advisers' agreement dated 20 September 2005 between the Company (1) and Matrix Private Equity Partners Limited (2) (as novated to Matrix Private Equity on 20 October 2006), under which Matrix Private Equity is appointed to provide advisory investment management services in respect of the Company's investments in VCT qualifying investments relating to the C Shares fund.

Matrix Private Equity receives an annual advisory fee of 2 per cent. of the net asset value of the Company relating to the C Shares fund. The management fee is calculated quarterly and is payable quarterly in advance together with any applicable VAT. Fees payable to Matrix Private Equity are subject to reduction where the annual expenses of the Company (these being normal running costs) excluding VAT exceed 3.6 per cent. of the net assets of the Company.

The agreement may be terminated by either party giving to the other written notice of not less than twelve months. The agreement may also be terminated by the Company in the event of material breach by or insolvency of Matrix Private Equity.

Matrix Private Equity is entitled to the reimbursement of expenses incurred by it on behalf of the Company.

Subject to full disclosure to the Board, Matrix Private Equity is entitled to retain the benefit of arrangement fees which it receives in connection with any unquoted investment made by the Company.

The agreement may be terminated by either party giving to the other written notice of not less than twelve months. The agreement may also be terminated by the Company in the event of material breach by or insolvency of Matrix Private Equity.

- 5.1.4 A supplemental incentive agreement dated 20 September 2005 between the Company (1) and Matrix Private Equity Partners Limited (2) as novated to Matrix Private Equity pursuant to a novation agreement 20 October 2006 pursuant to which Matrix Private Equity was granted performance incentive entitlements in respect of the C Share fund.

Matrix Private Equity is entitled to receive a performance incentive fee. of 20 per cent. of the excess above 6p of the annual dividends paid to the holders of C Shares. The performance incentive fee will only be payable if the mean NAV per C Share over the year relating to payment has remained at or above 100p. The performance fee will be payable annually, with any cumulative shortfalls below the 6p threshold from that date having to be made up in later years. The 6p annual dividend threshold is subject to being increased by RPI after the end of the third accounting period.

- 5.1.5 A secretarial services agreement dated 20 September 2005 between the Company (1) and Matrix-Securities (2) to provide company administration and secretarial services to the Company. Matrix-Securities will receive an annual fee payable quarterly in arrears, of £18,000 (plus VAT) in respect of the Ordinary Shares fund and an amount equivalent to 0.09 per cent (plus VAT) of the aggregate amount

raised under the C Share offer and will be subject to annual increases in line with RPI. The appointment will be terminable by either side by giving not less than 12 months notice at any time. This fee when aggregated with the accountancy services agreement at paragraph 5.1.6 below shall not at any time exceed the equivalent of 5 per cent. of the net asset value of the Company. These services, originally provided by Matrix-Securities, are now provided by Matrix Private Equity following a re-organisation of the Matrix group structure.

5.1.6 An accountancy services agreement dated 20 September 2005 between the Company (1) and Matrix-Securities (2) to provide accountancy services to the Company. Matrix-Securities will receive an annual fee payable quarterly in arrears, of £27,500 (plus VAT) in respect of the Ordinary Shares fund and an amount equivalent to 0.21 per cent of the aggregate amount raised under the C Share offer (plus any applicable VAT) and will be subject to annual increases in line with RPI. The appointment will be terminable by either side by giving not less than 12 months notice at any time. This fee when aggregated with the secretarial services agreement at paragraph 5.1.5 above shall not at any time exceed the equivalent of 5 per cent. of the net asset value of the Company. These services, originally provided by Matrix-Securities, are now provided by Matrix Private Equity following a re-organisation of the Matrix group structure.

5.2 The following contract will be entered into, immediately following the Share Merger being completed:

An investment management agreement between the Company (1), Matrix Private Equity (2) and Matrix-Securities (3) pursuant to which:

- the investment management and administration agreements referred to at paragraphs 5.1.1, 5.1.3, 5.1.5 and 5.1.6 above will be terminated (save that Matrix Private Equity will jointly and severally with Matrix-Securities assume full responsibility for liabilities, omission of duties and other claims arising under those agreements prior to termination); and
- the investment management and administration arrangements will apply, following the Share Merger, across the merged Share class, the only material change to the terms of the existing investment management and administration agreements being that those payments presently made quarterly in arrears will be made quarterly in advance.

6. General

6.1 The Company was incorporated and registered in England and Wales as a public company with limited liability on 8 March 2000 with registered number 03946235. The principal legislation under which the Company operates is the Companies Act 2006 (and regulations made thereunder). The legal and commercial name of the Company is Matrix Income & Growth 2 VCT plc. The Company is domiciled in England.

6.2 Statutory accounts of the Company for the years ended 30 April 2007 and 2008 in respect of which the Company's auditors, Mazars LLP, have made unqualified reports under Section 235 CA 1985, have been delivered to the Registrar of Companies and such reports did not contain any statements under Sections 237(2) or (3) CA 1985. Statutory accounts of the Company for the year ended 30 April 2009 in respect of which the Company's auditors, PKF (UK) LLP, have made unqualified reports under Section 495 CA 2006, have been delivered to the Registrar of Companies while statutory accounts for the year ended 30 April 2010 in respect of which the Company's auditors, PKF (UK) LLP, have made unqualified reports under Section 495 CA 2006, will be delivered to the Registrar of Companies following the Annual General Meeting. Such reports by PKF (UK) LLP do not contain any statements under Section 495 to Section 497A CA 2006.

6.3 Save for the fees paid to Matrix Private Equity and Matrix-Securities under the arrangements set out at paragraphs 5.1.1 to 5.1.6, the fees detailed in paragraphs 3.3 and 3.4 above, fees paid to Matrix-Securities in respect of promotion fees of £nil (2008), £383,634 (2009), £28,219 (2010) and approximately £nil (current year) and fees paid to Matrix Corporate Capital LLP in respect of broker fees of £nil (2008), £1,394 (2009) £11,526 (2010) and approximately £5,875 (current year), there were no related party transactions or fees paid during the years ended 30 April 2008, 2009 and 2010 or to date in the current financial year.

- 6.4 The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since incorporation which may have, or have had in the recent past, significant effects on the Company and/or its financial position or profitability.
- 6.5 There has been no significant change in the financial or trading position of the Company since 30 April 2010, the date to which the last audited financial statements of the Company have been published.
- 6.6 PKF (UK) LLP has given and not withdrawn its written consent to the issue of this document and the inclusion of its name and the references to it in this document in the form and context in which they appear.

7. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of Martineau at No.1 Colmore Square, Birmingham B4 6AA and also at the registered office of the Company:

- 7.1 the memorandum and articles of association of the Company;
- 7.2 the audited report and accounts of the Company for the financial years ended 30 April 2008, 2009 and 2010;
- 7.3 the material contracts referred to in paragraph 5 above;
- 7.4 the consent letter referred to at paragraph 6.6 above; and
- 7.5 this document.

13 August 2010

MATRIX INCOME & GROWTH 2 VCT PLC

(Registered in England and Wales with registered number 03946235)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Matrix Income & Growth 2 VCT plc ("the Company") will be held at 12.30 pm on 9 September 2010 (or as soon thereafter as the separate meeting of the C ordinary shares of 1p each in the capital of the Company convened for 12.12 pm on that day has been concluded) at One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed, in the case of Resolutions 1 and 2, as special resolutions and, in the case of Resolution 3, as an ordinary resolution:

Special Resolutions

1. That, subject to the passing of the resolutions to be proposed at the separate meetings of the holders of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") and the holders of C Shares of 1p each in the capital of the Company ("C Shares") convened for 12.40 pm and 12.45 pm on 9 September 2010 respectively, on the Effective Date;
 - 1.1 in respect of each holder of Ordinary Shares, such number of Ordinary Shares as is represented by X (rounded down to the nearest whole number) in the following formula, be and hereby are redesignated as C Shares in the capital of the Company, the balance being redesignated as deferred shares of 1p each in the capital of the Company ("Deferred Shares") having the rights and restrictions set out in the articles of association as amended pursuant to paragraph 1.3 below:

$$X = N_x \left(\frac{O \text{ NAV}}{C \text{ NAV}} \right)$$

Where:

Effective Date is 10 September 2010;

N is the number of Ordinary Shares held as at close of business on 9 September 2010;

O NAV is the unaudited NAV of an Ordinary Share as at close of business on 9 September 2010; and

C NAV is the unaudited NAV of a C Share as at close of business on 9 September 2010;

- 1.2 each of the issued and unissued C Shares be and hereby is redesignated as an ordinary share of 1p in the capital of the Company ("New Ordinary Shares") having the rights and restrictions set out in the articles of association as amended pursuant to paragraph 1.3 below;
- 1.3 the articles of association be and hereby are amended as follows:
 - 1.3.1 by:
 - (i) article 2.2 being deleted and replaced with the following new article:

"Rights Attaching to Share Classes

Subject to the Statutes and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or, in the absence of any such determination or in so far as such ordinary resolution does not make specific provision, as the Board may determine)."; and

- (ii) the deletion of any and all other references to Ordinary Shares and C Shares as separate classes of the Company (including for the avoidance of doubt, provisions relating to the rights attaching to the Ordinary Shares and C Shares and the conversion of C Shares into Ordinary Shares); and

1.3.2 the insertion of the following as article 2A:

- “2A Deferred Shares
- 2A.1 Notwithstanding the provisions of these Articles, the deferred shares of 1p each (“Deferred Shares”) shall:
- 2A.1.1 carry the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable on the ordinary shares at the rate of 1p per annum to be paid amongst the holders of Deferred Shares as a class but confer no other right to a dividend;
- 2A.1.2 not confer any right to receive notice of, or to attend or vote at, general meetings;
- 2A.1.3 on a winding up confer a preferential right to be paid out of the assets of the Company available for distribution an amount equal to 1p (in aggregate) in respect of all Deferred Shares then in issue prior to the surplus being distributed to the holders of other shares in the capital of the Company, but do not confer any other right to participate in any surplus assets of the Company; and
- 2A.1.4 be, in respect of those in issue at the relevant time, capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purposes the Directors may authorise any person to execute on behalf of and as attorney for the holders of Deferred Shares an appropriate contract and may deliver it or them on their behalf) and each Deferred Share so purchased and then unissued shall thereafter be redesignated as a Share without any further resolution or consent.
- 2A.2 These Articles shall, following the purchase of Deferred Shares and the redesignation of Deferred Shares to Shares in accordance with Article 2A.1.4, be automatically amended to delete any references to such Deferred Shares.
- 2A.3 the Company shall not be obliged to:
- 2A.3.1 issue share certificates in respect of the Deferred Shares;
- 2A.3.2 give any prior notice to the holders of Deferred Shares that such shares are to be purchased in accordance with Article 2A.1.4; or
- 2A.3.3 account to any holder of Deferred Shares for the purchase monies in respect of such shares.”;

1.4 the Company, acting by its directors, be and hereby is authorised to enter into a contract to purchase all the issued Deferred Shares following the redesignation referred to in paragraph 1.1 above for an aggregate amount of 1p in accordance with the Articles (in the form tabled at the meeting and initialled by the Chairman for the purposes of identification and which as at the date of the meeting will have been on display at the Company’s registered office and available for inspection by members for not less than 15 days), such authority to expire 18 months from the date of the passing of this resolution and such unissued Deferred Shares so arising on the purchase then being redesignated as New Ordinary Shares in accordance with the Articles;

1.5 in substitution for all subsisting authorities to the extent unused, the directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (“the Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £66,836 during the period commencing on the passing of this resolution and expiring on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that the authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry;

1.6 in addition to existing authorities, the directors be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have

the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph 1.5 of this resolution or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment or sale, provided that the power provided by this paragraph 1.6 shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 and provided further that this power shall be limited to:

- 1.6.1 the allotment and issue of equity securities up to an aggregate nominal value representing £16,000 in connection with conditional performance warrants as set out in the agreement dated 10 May 2000 between the Company (1), Matrix Private Equity Limited (as assigned to Matrix Private Equity Partners LLP) (2), Michael Cumming and others (3) and Mark Burgess and Helen Sinclair (4);
- 1.6.2 the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital of the Company from time to time in connection with any dividend investment scheme operated by the Company;
- 1.6.3 the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital of the Company from time to time, where the proceeds may in whole or part be used to purchase shares; and
- 1.7 in addition to existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the Act of its own New Ordinary shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - 1.7.1 the aggregate number of New Ordinary Shares which may be purchased shall not exceed 5,009,353;
 - 1.7.2 the minimum price which may be paid per New Ordinary Share is 1p, the nominal value thereof;
 - 1.7.3 the maximum price which may be paid per New Ordinary Share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation per New Ordinary Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
 - 1.7.4 the authority conferred by this paragraph 1.7 shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 unless such authority is renewed prior to such time; and
 - 1.7.5 the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares.
- 2 That the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the court, be and hereby is cancelled.

Ordinary Resolution

- 3 The investment policy of the Company in respect of the uninvested funds be amended to provide that the Company's cash and liquid resources may be invested to maximise income returns in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

Dated 13 August 2010

By order of the Board

Matrix-Securities Limited
Secretary

Registered Office:

One Vine Street
London
W1J 0AH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting. The contract to purchase Deferred Shares referred to in paragraph 1.4 of Resolution 1 will be on display at the Company's registered office and available for inspection from the date of this notice and at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 7 September 2010 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy is attached to this document and a reply paid envelope is enclosed. To be valid, the form of proxy should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 12.30 pm on 7 September 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
6. As at 12 August 2010 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 11,259,333 Ordinary Shares and 17,346,339 C Shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 12 August 2010 were 28,605,672.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006.

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12.30 pm on 7 September 2010. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
14. Further information regarding the meeting is available on the Company's website, www.mig2vct.co.uk.

MATRIX INCOME & GROWTH 2 VCT PLC
(Registered in England and Wales with registered number 03946235)

NOTICE OF ORDINARY SHARE CLASS MEETING

Notice is hereby given that a meeting of the holders of ordinary shares of 1p each ("Ordinary Shares") in the capital of Matrix Income & Growth 2 VCT plc ("the Company") will be held at 12.40 pm on 9 September 2010 (or as soon thereafter as the extraordinary general meeting of the Company convened for 12.30 pm on that day has been concluded) at One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

That the holders of Ordinary Shares hereby sanction, approve and consent to:

- (a) the passing and carrying into effect as a special resolution of the Company of Resolution 1 set out in the notice of extraordinary general meeting of the Company convened for 12.30 pm on 9 September 2010 (a copy of which is produced to the meeting and signed by the chairman for the purposes of identification); and
- (b) 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 such resolution notwithstanding that such resolution may affect the right and privileges attached to such Ordinary Shares.

13 August 2010

By order of the Board

Matrix-Securities Limited
Secretary

Registered Office:

One Vine Street
London
W1J 0AH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 7 September (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy is attached to this document and a reply paid envelope is enclosed. To be valid, the form of proxy should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 12.40 pm on 7 September 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
6. As at 12 August 2010 (being the last business day prior to the publication of this notice), the Company had 11,259,333 Ordinary Shares in issue carrying one vote each. Therefore, the total Ordinary Share voting rights in the Company as at 12 August 2010 were 11,259,333.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. Notice is hereby further given that the necessary quorum for the above meeting shall be the holders of Ordinary Shares 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 10.00 am on 10 September 2010 and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.
12. The directors reserve the right to withdraw the resolution to be proposed at the meeting if resolution 1 to be proposed at the extraordinary general meeting of the Company to be held at 12.30 pm on 9 September 2010 is not passed.
13. Further information regarding the meeting is available on the Company's website, www.mig2vct.co.uk.

MATRIX INCOME & GROWTH 2 VCT PLC

(Registered in England and Wales with registered number 03946235)

NOTICE OF C SHARE CLASS MEETING

Notice is hereby given that a meeting of the holders of C shares of 1p each ("C Shares") in the capital of Matrix Income & Growth 2 VCT plc ("the Company") will be held at 12.45 pm on 9 September 2010 (or as soon thereafter as the separate meeting of the holders of Ordinary Shares of 1p each in the capital of the Company convened for 12.40 pm on that day has been concluded) at One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

That the holders of C Shares hereby sanction, approve and consent to:

- (a) the passing and carrying into effect as a special resolution of the Company of Resolution 1 set out in the notice of extraordinary general meeting of the Company convened for 12.30 pm on 9 September 2010 (a copy of which is produced to the meeting and signed by the chairman for the purposes of identification); and
- (b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the C Shares which will, or may, result from the passing and carrying into effect of such resolution notwithstanding that such resolution may affect the right and privileges attached to such C Shares.

13 August 2010

By order of the Board

Matrix-Securities Limited
Secretary

Registered Office:

One Vine Street
London
W1J 0AH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 7 September 2010 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy is attached to this document and a reply paid envelope is enclosed. To be valid, the form of proxy should be lodged with the Company's registrar, Capita Registrars Limited, so as to be received not later than 12.45 pm on 7 September 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address FREEPOST RSBHUXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU
6. As at 12 August 2010 (being the last business day prior to the publication of this notice), the Company had 17,346,339 C Shares in issue carrying one vote each. Therefore, the total C Share voting rights in the Company as at 12 August 2010 were 17,346,339.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006.

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company
9. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. Notice is hereby further given that the necessary quorum for the above meeting shall be the holders of C Shares present in person or by proxy holding not less than one-third of the paid up C 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 10.05 am on 10 September 2010 and at such adjourned meeting the holders of C Shares present in person or by proxy shall be a quorum regardless of the number of C Shares held.
12. The directors reserve the right to withdraw the resolution to be proposed at the meeting if resolution 1 to be proposed at the extraordinary general meeting of the Company and/or the resolution to be proposed at the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company to be held at 12.30 pm and 12.40 pm respectively on 9 September 2010 are not passed.
13. Further information regarding the meeting is available on the Company's website, www.mig2vct.co.uk.

FORM OF PROXY – EXTRAORDINARY GENERAL MEETING

For use at the Extraordinary General Meeting of Matrix Income & Growth 2 VCT plc (“the Company”) to be held at One Vine Street, London W1J 0AH at 12.30 pm on 9 September 2010.

I/We

(Block Capitals Please)

of.....

being a shareholder(s) of the above-named Company, appoint the chairman of the meeting or

.....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at One Vine Street, London W1J 0AH at 12.30 pm on 9 September 2010 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given

Please indicate with an 'X' in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

		For	Against	Vote Withheld
1	Special Resolution Composite resolution for the approval of: <ul style="list-style-type: none"> • the Share Merger (including consequential amendments to the Articles and repurchase of deferred shares); and • renew and increase Share allotment and buy-back authorities; and 			
2	Special Resolution Approval of the cancellation of the Share Premium Account			
3	Ordinary Resolution Amendment to the investment policy in respect of the uninvested funds held by the Company.			

Signature Dated2010

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 13 August 2010. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words “chairman of the meeting” and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company’s registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider’s network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.

FORM OF PROXY – ORDINARY SHARE CLASS MEETING

For use at the separate meeting (“Ordinary Share Class Meeting”) of the holders of ordinary shares of 1p each (“Ordinary Shares”) in the capital of Matrix Income & Growth 2 VCT plc (“the Company”) to be held at One Vine Street, London W1J 0AH at 12.40 pm on 9 September 2010.

I/We

(Block Capitals Please)

of.....

being a shareholder(s) of the above-named Company, appoint the chairman of the meeting or

.....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the Ordinary Share Class Meeting to be held at One Vine Street, London W1J 0AH at 12.40 pm on 9 September 2010 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an ‘X’ if this is one of multiple proxy instructions being given

Please indicate with an ‘X’ in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

Extraordinary Resolution	For	Against	Vote Withheld
Approval of Resolution 1 to be proposed at the extraordinary general meeting of the Company to be held on 9 September 2010 and variation of class rights resulting therefrom			

Signature Dated2010

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 13 August 2010. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words “chairman of the meeting” and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company’s registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider’s network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.

FORM OF PROXY – C SHARE CLASS MEETING

For use at the separate meeting (“C Share Class Meeting”) of the holders of C ordinary shares of 1p each (“C Shares”) in the capital of Matrix Income & Growth 2 VCT plc (“the Company”) to be held at One Vine Street, London W1J 0AH at 12.45 pm on 9 September 2010.

I/We

(Block Capitals Please)

of.....

being a shareholder(s) of the above-named Company, appoint the chairman of the meeting or

.....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the C Share Class Meeting to be held at One Vine Street, London W1J 0AH at 12.45 pm on 9 September 2010 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an ‘X’ if this is one of multiple proxy instructions being given

Please indicate with an ‘X’ in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

Extraordinary Resolution	For	Against	Vote Withheld
Approval of Resolution 1 to be proposed at the extraordinary general meeting of the Company to be held on 9 September 2010 and variation of class rights resulting therefrom			

Signature Dated2010

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 13 August 2010. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words “chairman of the meeting” and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company’s registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0300 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0300) are charged at 10p per minute (including VAT) plus your service provider’s network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-UXXS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.



