

19 January 2009

REGISTRATION DOCUMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your bank manager, solicitor, accountant or other independent financial adviser fully authorised pursuant to the Financial Services and Markets Act 2000, who specialises in advising upon investment in shares and other securities, without delay.

Copies of this registration document ("Registration Document") which together with a securities note ("Securities Note") and a summary note ("Summary Note") comprise a prospectus (the "Prospectus") relating to Matrix Income & Growth 2 VCT plc (the "Company"), and has been prepared in accordance with the Listing Rules and Prospectus Rules made under Part VI of the Financial Services and Markets Act 2000. In subscribing for C Shares you will be treated as subscribing solely on the basis of this Prospectus. **Your attention is drawn to the risk factors set out on pages 3-4.**

Persons receiving this document should note that, in connection with this document, Blomfield Corporate Finance Limited and Matrix-Securities Limited act for the Company and no one else, and will not be responsible for anyone other than the Company for providing the protections afforded to customers of Blomfield Corporate Finance Limited and Matrix-Securities Limited, or for providing advice in relation to this document. Both Blomfield Corporate Finance Limited and Matrix-Securities Limited are authorised and regulated by the Financial Services Authority.

The Directors of the Company, whose names appear on page 33, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its import of such information.

Matrix Income & Growth 2 VCT plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03946235)

Offer for Subscription of C Shares of 1 pence at the Offer Price to raise up to £10 Million together with an over-allotment facility of further C Shares to raise up to a further £5 million.

Promoter

Matrix-Securities Limited

Contents

Paragraph		Page
	Risk factors	3
	Definitions	5
1	Incorporation and registered office	6
2	Share capital	6
3	Memorandum and Articles	9
4	Directors' and other interests	17
5	Investment and dividend policy	21
6	Material contracts	22
7	Taxation	24
8	Financial information on the Company	24
9	The Adviser	30
10	General	31
11	Documents for inspection	32
	Directors & Advisers	33

Risk Factors

Investors 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 not the only ones the Company and investors in the Shares will face. While all material risks currently known to the Company are set out below, additional risks not currently known to the Company, or that the Company currently believes are not material, may also adversely affect its business, financial condition and result of operations. The value of the Shares could decline due to any of these risk factors, and Investors could lose part or all of their investment.

An investment in the Company is suitable only for Investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Potential Investors are advised to take their own independent financial advice before investing.

Potential Investors should be aware that the value of Shares can fluctuate and that they may not get back the amount they invested. There is a limited secondary market for shares in VCTs and most trade at below their net asset value for various reasons which may include that income tax relief is available only on new subscriptions. In addition, there is no certainty that the market price of Shares will fully reflect the underlying Net Asset Value or that any dividends will be paid. Nor should potential Investors expect that a share buyback policy, if any, which the Company might adopt from time to time, will offer any certainty of selling their Shares at a price that reflects or is close to their underlying Net Asset Value. Investors should be aware that an investment in Shares should, therefore, be considered as a long-term investment.

The past performance of funds managed or advised by the Adviser is not a guide to the future performance of the C Share Fund or the Ordinary Share Fund.

A portfolio of investments in unquoted companies can offer good investment returns but by its nature is uncertain and consequently involves a higher degree of risk than a quoted portfolio.

VCTs invest in small companies usually with limited trading records which may not produce the returns anticipated and investors could get back less than they invested.

The value of the Shares depends on the performance of the underlying assets. The value of the investment and the dividend stream can rise and fall.

Valuations of unlisted companies are determined by the Directors in accordance with the IPEVCV. These valuation guidelines provide for discounts to reflect the non-marketability of unlisted investments. The valuation of the portfolio depends, to some extent, on stock market conditions.

The fact that a share, in which the Company may invest, is quoted on AIM does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. The PLUS quoted market is an exchange-regulated market regulated by PLUS. AIM is an exchange-regulated market and is regulated by the London Stock Exchange. The Company may invest in AIM and/or PLUS quoted companies.

Investment in unquoted, AIM-traded and PLUS quoted 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 dependent for their management on a small number of key individuals. The market for securities in smaller companies is generally less liquid than for securities of 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 greater degree of risk than investment in a fully listed company.

Although the C Shares and the Ordinary Shares are admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities, there is an illiquid market and Shareholders may find it difficult to realise their investment.

Realisation of investments in unquoted companies can be difficult and may take a considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the tax status of the Company.

There can be no guarantee that the Company's investment objectives will be achieved or that suitable investment opportunities will be identified.

Whilst it will be the intention of the Directors that the Company will be managed so as to continue to qualify as a Venture Capital Trust, there can be no guarantee that such status will be maintained. A failure to continue to meet the qualifying requirements could result in the Company and Shareholders losing the tax reliefs previously obtained, resulting in adverse tax consequences for Shareholders including a requirement to repay the income tax relief obtained. Furthermore, should the Company lose its Venture Capital Trust status, dividends and any gains on disposal of Shares would become subject to tax and the Company would lose its exemption from corporation tax on capital gains.

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

To receive the tax advantages available to VCTs, Shareholders must be over the age of 18.

Any realised losses on the disposal of Shares will not be allowable losses for the purpose of capital gains tax and will, therefore, not be available for set off against any capital gains.

The information in this Prospectus is based on existing legislation, including tax legislation. The tax rules or their interpretation in relation to an investment in Shares and/or the rates of tax may change during the life of the Company and any changes could be retrospective. The value of tax reliefs depends on the personal circumstances of Shareholders, who should consult their own tax advisors before making any investment. The current legislation provides for income tax relief of up to 30% of the amount subscribed (subject to overall limitations on the amount of tax relief that can be claimed by an individual through investment in a VCT).

If a Shareholder, having subscribed for C Shares under the Offer disposes of those C Shares within five years he or she will be subject to claw back by HM Revenue & Customs of the income tax relief originally claimed.

Whilst the C Share Fund and the Ordinary Share Fund will be managed separately, VCT tax requirements and financial/distribution requirements will be assessed at a Company level which may restrict the Company's ability to pay dividends.

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 value, and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods.

Definitions

The following definitions are used throughout this document, except where the context requires otherwise:

Act

the Companies Act 1985 including any statutory modification or re-enactments thereof, including any provisions of the Companies Act 2006 for the time being in force

Adviser or MPEP or Matrix Private Equity Partners

Matrix Private Equity Partners LLP, the Company's investment adviser, duly authorised and regulated by the Financial Services Authority

AIM

the market of that name operated by the London Stock Exchange

Blomfield or Sponsor

Blomfield Corporate Finance Limited, the Company's sponsor, authorised and regulated by the Financial Services Authority

Business Day

any day on which banks are generally open for business in London, other than a Saturday

Company or Matrix Income & Growth 2 VCT

Matrix Income & Growth 2 VCT plc

C Share Fund

the portfolio of assets relating to the C Shares

C Shareholder(s)

holder(s) of C Shares

C Share(s)

"C" ordinary share(s) of 1p each in the capital of the Company

Directors or Board

Directors of Matrix Income & Growth 2 VCT plc

HMRC

HM Revenue & Customs

Investor

an individual aged 18 or over who is resident in the United Kingdom

IPEVCV

International Private Equity & Venture Capital Valuation guidelines

Issue

the issue of C Shares pursuant to the Offer

London Stock Exchange

London Stock Exchange plc

Matrix-Securities or Promoter

Matrix-Securities Limited, the Company's promoter, a wholly owned subsidiary of Matrix Group Limited. Matrix-Securities Limited is authorised and regulated by the Financial Services Authority

MPE

Matrix Private Equity Limited, the former manager of the Company under an agreement dated 10 May 2000 which was novated to the Adviser on 20 September 2005

Net Asset Value or NAV

the aggregate of the gross assets of the Company less its gross liabilities, calculated in accordance with the Company's accounting policies

Offer

the offer for subscription of up to £10 Million together with an over-allotment facility of a further £5 million of Offered Shares pursuant to the terms of the Prospectus at the prevailing Offer Price

Offer Price

the offer price of the Offered Shares being the most recently published NAV per C Share in pence divided by 0.945 and rounded down to two decimal places, as determined by the Board

Offered Shares

shares to be issued under the Offer

Official List

the official list of the UK Listing Authority

Ordinary Share Fund

the portfolio of assets relating to the Ordinary Shares

Ordinary Shareholder(s)

holder(s) of Ordinary Shares

Ordinary Share(s)

ordinary share(s) of 1p each in the capital of the Company

PLUS

Plus Markets plc a recognised investment exchange under section 287 of the Financial Services and Markets Act 2000, formerly named OFEX

Prospectus

the combined Registration Document, Summary Note and Securities Note

Shareholder(s)

holder(s) of Shares

Share(s)

Ordinary Share(s) and/or C Share(s) as appropriate

Tax Act or ITA

the Income Tax Act 2007

UK Listing Authority or UKLA

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

VCT Qualifying Company or VCT Qualifying Investment

an unquoted, PLUS quoted or AIM traded company which satisfies the requirements of Part 6, Chapter 4 of the Tax Act

Venture Capital Trust or VCT

a company which is, for the time being, approved as a Venture Capital Trust under Section 274 of the Tax Act

1. Incorporation and registered office

1.1 The Company was incorporated in England and Wales as a public company with limited liability on 8 March 2000 with registered number 03946235 with the name Matrix e-Ventures Fund plc. The Company changed its name to Matrix e-Ventures Fund VCT plc on 17 April 2000, Matrix Venture Fund VCT plc on 10 October 2001, and Matrix Income & Growth 2 VCT plc on 9 September 2005.

1.2 The principal legislation under which the Company operates are the Act and the regulations made thereunder.

1.3 The Company's registered office and principal place of business is at One Vine Street, London W1J 0AH (telephone number: 0203 206 7000).

1.4 On 14 April 2000 the Registrar of Companies issued the Company with a certificate under Section 117 of the Act entitling it to commence business.

1.5 From 10 May 2000 until 19 April 2004 the Company had one subsidiary, Matrix Private Equity (Managers) Limited.

1.6 HMRC has, in respect of the Company's financial year ended 30 April 2008 granted approval of the Company as a VCT under Section 842AA(4) of the Income and Corporations Taxes Act 1988. It is intended that the business of the Company is carried on so as to continue to comply with the relevant provisions of the ITA which superceded those provisions of the Income and Corporation Taxes Act 1988.

1.7 The Company revoked its Investment Company status on 7 July 2005.

2. Share capital

2.1 The authorised share capital of the Company on incorporation was £50,000 divided into 50,000 ordinary shares of £1 each.

2.2 On incorporation, twenty ordinary shares were issued nil paid to the subscribers to the memorandum of association of the Company ("Memorandum"). These shares have subsequently been paid up in full in cash.

2.3 On 14 April 2000 at an extraordinary general meeting of the Company:

(a) each of the authorised ordinary shares of £1 each were converted into 100 Ordinary Shares; and

(b) the authorised share capital was increased to £350,000 by the creation of a further 25,000,000 Ordinary Shares and 5,000,000 redeemable preference shares of 1p each ("Redeemable Shares").

2.4 On 14 April 2000, 5,000,000 Redeemable Shares were allotted to Matrix-Securities Limited at par for cash, paid up as to one quarter of their nominal value.

2.5 On 10 May 2000 at an extraordinary general meeting of the Company:

(a) the authorised and issued share capital was further increased to £420,000 by the creation of a further 7,000,000 Ordinary Shares; and

(b) it was resolved that the unissued share capital to be created by the redemption of the Redeemable Shares be subdivided and redesignated on such redemption as Ordinary Shares.

2.6 On first admission on 11 July 2000 the 5,000,000 Redeemable Shares allotted to Matrix-Securities Limited were paid up in full and redeemed in full out of the proceeds of the

offer for subscription dated 10 May 2000.

2.7 Pursuant to the offer for subscription dated 10 May 2000 a total of 13,180,612 Ordinary Shares were issued between 30 May 2000 and 2 January 2001.

2.8 The cancellation of the share premium account of the Ordinary Shares was confirmed by an order of the High Court dated 30 October 2002.

2.9 On 26 March 2004 at an extraordinary general meeting of the Company the authorised share capital of the Company was increased from £420,000 to £840,000 by the creation of 42,000,000 C Shares.

2.10 On 20 September 2005 the Company launched an offer for subscription of C Shares resulting in the issue of 9,145,990 C Shares and an issued C Share capital at 30 April 2006 of £91,460. The cancellation of the share premium account of the C Shares was confirmed by an Order of the High Court dated 14 September 2006.

2.11 As at 30 April 2008, the Company had 42,000,000 Ordinary Shares authorised of which 11,491,008 were issued and fully paid (and nil Ordinary Shares issued and not fully paid) and 42,000,000 C Shares authorised of which 9,145,990 were issued and fully paid (and nil C Shares issued and not fully paid). During the year ended 30 April 2008 a total of 550,139 Ordinary Shares and nil C Shares were bought back by the Company for cancellation. A total of 1,689,604 Ordinary Shares have been bought back by the Company since incorporation.

2.12 At an annual general meeting of the Company on 10 September 2008 the following resolutions were passed:

(a) in substitution for any existing authorities pursuant to section 80 of the Act the Directors were authorised to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in section 80(2) of the Act) of the Company up to an aggregate nominal value of £633,630 provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in a general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements);

(b) the Directors were empowered pursuant to section 95(1) of the Act to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority conferred upon them by paragraph (1) above as if Section 89(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009, and 10 December 2009, and be limited to:

(i) the allotment of equity securities pursuant to an offer for subscription of up to 25 million C Shares (the "C Share Offer");

(ii) the allotment of up to 2,197,208 Ordinary Shares pursuant to performance warrant rights as set out in the carried interest agreement dated 10 May 2000 between (1) the Company, (2) MPE (3) Michael Cumming and others, and (4) Mark Burgers and Helen Sinclair;

(iii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, ten per cent, of the issued Ordinary Share capital and/or ten per cent, of the issued C Share capital of the Company as at the date this resolution is passed in connection with any dividend reinvestment or similar scheme that may be operated by the Company from time to time;

(iv) the allotment (otherwise than pursuant to sub-paragraphs (i), (ii) and

(iii) above) of equity securities with an aggregate nominal value of up to, but not exceeding, ten per cent of the issued Ordinary Share capital and/or the issued C Share capital of the Company as at the date this resolution is passed where the proceeds of the allotment are to be used in whole or in part to purchase the Company's Ordinary Shares or as the case may be, C Shares in the market; and

(v) the allotment (otherwise than pursuant to sub-paragraphs (i), (ii), (iii) and (iv) above) of equity securities from time to time with an aggregate nominal value of up to but not exceeding five per cent of the issued Ordinary Share capital and/or five per cent of the issued C Share capital of the Company at the date this resolution is passed.

(c) the Company was authorised to make one or more market purchases (within the meaning of section 163 of the Act) of Ordinary Shares and C Shares provided that:

(i) the maximum aggregate number of Ordinary Shares and C Shares authorised to be purchased shall not exceed 1,722,502 Ordinary Shares and 1,370,983 C Shares;

(ii) the minimum price which may be paid for Ordinary Shares and C Shares is 1 pence per Share;

(iii) the maximum price which may be paid for an Ordinary Share or a C Share is 105 per cent of the average of the middle market prices of an Ordinary Share or, as the case may be, C Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share or C Share, as the case may be, is purchased;

(iv) this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 10 December 2009; and

(v) the Company may make a contract to purchase Ordinary Shares or, as the case may be, C 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 Ordinary Shares or C Shares pursuant to such contract;

(d) That the amount standing to the credit of the share premium account of the Company attributable to the C Shares issued pursuant to the C Share Offer as at the date of the Order, made by the Court on the hearing for the petition for confirmation of this resolution be and hereby is cancelled.

2.13 As at the date of this document, there are 11,375,533 Ordinary Shares and 9,145,990 C Shares in issue. Assuming 15,550,487 C Shares are issued under the C Share Offer, and that the Company does not buy back any further Shares for cancellation, the Company will have in issue 11,375,533 Ordinary Shares and 24,696,477 C Shares. There will remain authorised but unissued £479,279.90 divided into 30,624,467 Ordinary Shares and 17,303,523 C Shares.

2.14 Save as mentioned in paragraph 2.12 above, the provisions of section 89 of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid in cash) apply to the authorised but unissued share capital of the Company.

2.15 Save in connection with the C Share Offer (or as referred to in paragraph 2.12) above, no material issue of shares (other than pro rata to existing holdings) will be made within one year from the date of this document without the approval of the shareholders in a

general meeting.

2.16 Except as disclosed in paragraph 2.12 and paragraphs 6.6 and 6.7 below and for C Shares falling to be issued pursuant to the Offer and except for a commission payable to authorised financial intermediaries in respect of accepted applications introduced by them under the Offer as described in paragraphs 7 and 8 of the terms and conditions of application on page 32 of the Securities Note no share or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commission, discount, brokerage, or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

2.17 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by the Company in the future, and subject to the performance related incentive arrangements as described in paragraph 6.6, the holders of fully paid Ordinary Shares as a class are entitled pari passu amongst themselves but in proportion to the number of Shares held by them, to share in the whole of the profits of the Company respectively attributable as the case may be to the Ordinary Shares which are paid out as dividends and in the whole of any surplus attributable to the Ordinary Shares in the event of liquidation of the Company.

2.18 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by the Company in the future and subject to the performance incentive arrangements described in paragraph 6.7, the holders of fully paid C Shares as a class are entitled pari passu amongst themselves but in proportion to the number of C Shares held by them, to share in the whole of the profits of the Company respectively attributable as the case may be to the C Shares which are paid out as dividends and in the whole of any surplus attributable to the C Shares in the event of liquidation of the Company.

2.19 The Ordinary Shares and C Shares will be in registered form and will be eligible for electronic settlement.

3. Memorandum and Articles

3.1 Memorandum of Association

The Company's memorandum of association provides that the Company's principal objects are to acquire and to hold controlling and other interests in any company. The objects of the Company are set out in full in clause 4 of the Memorandum, which is available for inspection at the address set out in paragraph 11 below.

3.2 Articles of Association

The rights and restrictions attaching to the C Shares are set out in the articles of association of the Company ("Articles") as amended by special resolution passed at the general meeting of the Shareholders of the Company held on 10 September 2008. The relevant provisions of the amended Articles are summarised below.

A) The following provisions apply only to the C Shares

a) Definitions

The following provisions apply in respect of the C Shares and their subsequent conversion into Ordinary Shares:

"Calculation Date" means close of business on such date, as the Directors shall approve;

"Conversion" means conversion of the C Shares in accordance with the Articles.

"Conversion Date" means the close of business on the day selected by the Directors falling not more than sixty days after the Calculation Date;

"Conversion Ratio" is $\frac{A}{B}$
where:
"A" = $\frac{C - D}{E}$
and
"B" = $\frac{F - (C - D)}{G}$

"C" is the aggregate of:

- (i) the amount which, in the Directors' opinion, fairly reflects, having regard to the then current guidelines of the British Venture Capital Association, the value of all investments of the Company attributable to the C Shareholders on the Calculation Date; and
- (ii) the amount which, in the Directors' opinion, fairly reflects at the Calculation Date the value of the current assets of the Company attributable to the C Shareholders (including cash and deposits with or balances at a bank and including any income and other items of a revenue nature);

"D" is the amount (to the extent not otherwise deducted from the assets attributable to the C Shareholders) which, in the Directors' opinion, fairly reflects the amount of the liabilities attributable to the C Shareholders on the Calculation Date;

"E" is the number of C Shares in issue on the Calculation Date;

"F" is the net asset value of the Company as at the Calculation Date which is arrived at after all adjustments reasonably deemed necessary by the Directors to reflect the current value (determined by the Directors in accordance with the then current guidelines of the British Venture Capital Association) of all assets and to allow for all liabilities including any income and other items of a revenue nature; and

"G" is the number of Ordinary Shares in issue on the Calculation Date;

provided that the Directors shall make such other adjustments to the value or amount of "A" and "B" as the auditors shall report to be appropriate having regard, inter alia, to the assets attributable to the C Share Fund on the Calculation Date and to the assets of the Company on the Calculation Date after such other adjustments as the Directors shall make and as the auditors shall report to be appropriate to reflect any other changes;

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

"Existing Ordinary Shares" means the Ordinary Shares in issue as at the Calculation Date;

"Issue Date" means the day on which the Company receives the net proceeds of the first issue of the C Shares;

"New Ordinary Shares" means new Ordinary Shares arising on Conversion of the C

Shares which, when issued, shall rank *pari passu* in all respects and form a single class with the Existing Ordinary Shares;

"Ordinary Share Surplus" means the net assets of the Company (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less the Company's liabilities (including the fees and expenses of liquidation or return of capital, as the case may be) less the C Share Surplus; and

"Statutes" means the Companies Act 1985 including any statutory modification or re-enactment thereof including any provisions of the Companies Act 2006 for the time being in force.

For the purposes of the Articles, assets attributable to the C Shareholders or the C Shares shall mean the net cash proceeds (after all expenses relating thereto) of the issue of the C Shares as invested in or represented by investments or cash or other assets from time to time less such proportion of the expenses and liabilities of the Company incurred or accrued between the Issue Date and the Calculation Date (both dates inclusive) as the Directors fairly consider to be allocable to the C Shares.

References in the Articles to the auditors certifying any matter shall be construed to mean certification of their opinion as to such matter whether qualified or not.

b) Undertakings

Until Conversion and without prejudice to its obligations under the Statutes, the Company shall; (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that a separate income and expenditure account (or if applicable, profit and loss account) balance sheet and cash flow account and such other separate accounts as may, in the opinion of the Board, be desirable to ensure compliance by the Company with the provisions of Chapter 3 of Part 6 of the Tax Act, shall be created and maintained in the books of the Company for the assets attributable to the C Shares; (ii) allocate to the assets attributable to the C Shares such proportion of the expenses and liabilities of the Company incurred or accrued between the Issue Date and Calculation Date (both dates inclusive) as the Directors fairly consider to be allocable to the C Shares; and (iii) give appropriate instructions to the Company's investment managers and advisers to manage the Company's assets so that such undertakings can be complied with by the Company.

c) The Conversion Process

(i) The Directors shall procure that:

within sixty days of the Calculation Date, both the Conversion Ratio as at the Calculation Date and the number of New Ordinary Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and

the auditors shall be requested to certify, within sixty days of the Calculation Date, that both the calculation of the Conversion Ratio and the total number of New Ordinary Shares arising on Conversion:

- (a) have been performed in accordance with the Articles; and
- (b) are arithmetically accurate;

whereupon, subject to the proviso immediately after the definition of "G" above, such calculations shall become final and binding on the Company and all shareholders.

(ii) The Directors shall procure that as soon as practicable following such

certification a notice is sent to each C Shareholder advising such C Shareholder of the Conversion Date, the Conversion Ratio and the number of Ordinary Shares to which such C Shareholder shall be entitled on Conversion.

(iii) The Directors may in their absolute discretion from time to time decide the manner in which the C Shares are to be converted, subject to the provisions of the Articles and the Statutes, to the intent that on Conversion each C Share shall convert into one New Ordinary Share.

(iv) Without prejudice to paragraph (iii) above, the Directors may, where the Conversion Ratio is greater than one, in order to facilitate the Conversion, provide for the profits or reserves attributable to the C Shares to be capitalised and applied in paying up in full such number of New Ordinary Shares as shall be calculated by multiplying the number of New Ordinary Shares arising on Conversion of the C Shares by the Conversion Ratio and then deducting the number of New Ordinary Shares arising on Conversion, and allot such shares, credited as fully paid up, to the holders of C Shares pro rata to their holdings.

(v) Without prejudice to paragraph (iii) above, the Directors may, where the Conversion Ratio is less than one, in order to facilitate the Conversion, provide for the profits or reserves attributable to the Existing Ordinary Shares to be capitalised and applied in paying up in full such number of New Ordinary Shares as shall be calculated by dividing the number of Existing Ordinary Shares by the Conversion Ratio and then deducting the number of Existing Ordinary Shares and allot such shares, credited as fully paid up, to the holders of Existing Ordinary Shares pro rata to their holdings.

(vi) The Directors may deal in such manner as they think fit with any fractional entitlements to New Ordinary Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company.

(vii) Upon Conversion, the Company shall issue to each former C Shareholder certificates in respect of the New Ordinary Shares, which have arisen upon Conversion.

(viii) Upon Conversion, the rights attaching to the C Shares under the Articles shall lapse.

B) In addition the Ordinary Shares and C Shares have the following rights and restrictions under the Articles.

a) *Voting Rights*

Subject to any special rights which may apply to any class of shares that may have been issued or may from time to time be held, every member who is present in person, including any corporation present by its duly authorised representative, at a general meeting of the Company or by proxy shall, on a show of hands, have one vote. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder. The Ordinary Shares and C Shares shall rank *pari passu* as to the rights to attend and vote at any general meeting. Where shares are held jointly, the vote of the senior who has tendered a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the holding. A member will lose his right to vote at a general meeting or at any separate meeting of the holders of any class of share, whether in person or by proxy, unless all calls presently payable by him in respect of those

shares, together with interest and expenses (if any) have been paid in full to the Company, even where those shares are jointly held. The right to vote, together with all other rights and benefits of membership, will also be lost where the member (or any other person claiming to have an interest in such shares) has been issued with a notice pursuant to Section 212 of the Act (which requires the member or such other person to declare his interest in the shares) and has failed to give the required information to the Company within the prescribed period of fourteen days.

No major shareholder has or will have any different voting rights from any other shareholder.

b) Class Consents and Variation of Rights

Until Conversion the consent of each of (i) the holders of the C Shares as a class and (ii) the holders of the Ordinary Shares as a class shall be required to approve, and accordingly the special rights attached to the C Shares and the Ordinary Shares shall be deemed to be varied by, *inter alia*:

- (i) any alteration to the Memorandum or the Articles; or
- (ii) any consolidation, division, sub-division, cancellation, reduction or off-market purchase by the Company of any issued or authorised share capital of the Company other than on Conversion; or
- (iii) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company; or
- (iv) any change in the accounting reference date of the Company.

c) Issue of Shares

Subject to the provisions of the Act relating to authority, pre-emption rights and otherwise, and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and on such terms as they think fit.

d) Transfer of Shares

A member may transfer any or all of his shares by instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer should be signed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. The transfer shall not become effective until the name of the transferee is entered into the register of members. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, either generally or in respect of any class of shares provided that the register shall not be closed for more than thirty days in any year. The Directors may in their absolute discretion and without assigning any reason therefore refuse to register any transfer of shares where the shares in question are not fully paid up where such refusal does not restrict dealings on an open and proper basis. The Directors may refuse to recognise an instrument of transfer unless the instrument of transfer is:

- (i) in respect of only one class of share;
- (ii) is in favour of not more than four transferees; and
- (iii) is duly stamped (if required) and is lodged at the transfer office accompanied by the relevant share certificates and any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

e) Dividends

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against the Company. There are no fixed dates on which entitlement to dividend arises.

All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

f) *Borrowing Powers*

(i) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(ii) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all Moneys Borrowed (as defined in the Articles) by the Company and for its subsidiaries and/or its subsidiary undertakings shall not without the previous sanction of the Company in general meeting exceed an amount equal to the Adjusted Capital and Reserves as defined below.

(iii) The expression Adjusted Capital and Reserves means, as shown by a consolidation of the then latest audited balance sheets of the Company and its subsidiaries and subsidiary undertakings but subject to deductions and adjustments set out in the articles of association of the Company, a sum equal to the aggregate of the amount paid up on the issued share capital of the Company; plus the amount standing to the credit of the reserves (including without limitation any share premium account, capital redemption reserve, tax equalisation account and credit balance on profit and loss account and any unappropriated balance of investment grants) of the Company and its subsidiary undertaking together with certain specified deductions.

g) *Directors*

(i) Subject to the provisions of the Statutes, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office;

(a) may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;

(b) may be or become a member or director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

(c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;

(d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director of the Company; and

- (e) shall not infringe or be in breach of his duties to the Company by reason of such interest.
- (ii) The Board, when duly quorate, may authorise to the fullest extent permitted by law and subject to any terms and conditions imposed by the Board as it thinks fit from time to time:
- (a) any matter which would or might otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or a conflict of duties); and
- (b) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and, without prejudice to the generality of this Article, may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises.
- (iii) If a matter or office, employment or position, has been authorised by the Board then:
- (a) the Director shall not be required to disclose any confidential information relating to such matter, or such office, employment or position, to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position;
- (b) the Director may (and shall if required by the Board) absent himself from meetings or discussions of the Board at which anything relating to that matter, or that office, employment or position, will or may be discussed; and
- (c) the Director may (and shall if required by the Board) decline to review information provided by the Company which will or may relate to or be connected to that matter, or that office, employment or position.
- (iv) A Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any matter, or from any office, employment or position, which has been approved by the Board subject in any such case to any terms or conditions to which such approval is for the time being subject.
- (v) The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of them directors of such company, or voting or providing for the payment of remuneration to the directors of such company).
- (vi) A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters and resolutions considered or held.
- (vii) If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting (or if the Director concerned is the chairman, to the other Directors at the meeting) and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the chairman) shall be final and conclusive.
- (viii) There shall be no fewer than two and not more than seven directors. At the first annual general meeting all Directors shall seek election and each Director shall retire from

office by rotation to the effect that each Director will retire once every three years. Subject to the provisions of the Act, the Directors to retire in each case shall be those who have been longest in office since their last election.

(ix) The Company is not subject to section 293 of the Act, which regulates the appointment and continuation in office of Directors who have attained the age of 70 and any Director who attains the age of 70 will continue to be subject to the same provisions as the other Directors.

(x) The Directors shall be entitled (other than alternative directors) to receive by way of fees for their services as Directors such sum as the Remuneration Committee appointed from time to time by the Board, shall in its discretion determine. The Directors are entitled to be repaid all travelling, hotel and other expenses properly incurred by them in attending or returning from any meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the discharge of their duties as Directors.

h) Non-United Kingdom Shareholders

There are no limitations in the articles of association of the Company on the rights of non-United Kingdom shareholders to hold or to exercise voting rights attached to the Ordinary Shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

i) Capitalisation of Profits and Reserves

The Directors may, before recommending any dividend, but having regard to section 842AA(2)(f) of the Income and Corporation Taxes Act 1988 (which provides that a Venture Capital Trust may not retain more than 15 per cent of the income received from the shares and securities held by it) decide to reserve out of the profits of the Company such sums as they think fit and may apply such reserves at the discretion of the Directors for any proper purpose or invest such reserves in any investment the Directors may think fit. The reserves from unrealised profits are to be kept separate from reserves representing profits available for distribution. The Directors may also without placing the same to a reserve, carry forward any profits, which they may think prudent not to distribute.

j) Distribution of Realised Profits

As long as the Company has given notice in the prescribed form to the Registrar of Companies of its intention to carry on business as an investment company ("a relevant period") the Company shall be prohibited from distributing any capital profits (within the meaning section 266(2)(c) of the Act) otherwise by way of the redemption or purchase of any of the Company's own Shares in accordance with sections 160 and 162 of the Act. The Directors will establish a reserve to be called the capital reserve and during a relevant period all surpluses arising from the realisation or revaluation of investments or deriving from the realisation or other dealing with any capital asset in excess of the book value of that asset shall be credited to the capital reserve. Subject to the Act, the Directors may determine whether any amount received by the Company is to be dealt with as income or capital, or partly one way and partly the other. During a relevant period, any loss realised on the realisation or other dealing with any investment or other capital asset and subject to the Act any expenses, liability, loss or provision thereof which the Directors consider to relate to a capital item or which they otherwise consider appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a relevant period, any sum standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to the credit of any revenue reserves are applicable except that no part of the capital reserve shall be transferred to the profits of the Company available for distribution (as defined by section 263(2) of the Act) or be applied in paying dividends on any shares. In any other period other than a relevant period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined in section 263(2) of the Act) or be

applied in paying dividends of any shares of the Company.

k) *Winding-up*

In order for the future of the Company to be considered by the members, the Board shall at the tenth annual general meeting and thereafter at five-yearly intervals, invite the members to consider and debate the future of the Company (including without limitation, whether the Company should be wound up, sold or unitised) and following that meeting shall as soon as practicable thereafter convene an extraordinary general meeting to propose such resolution as the members attending the annual general meeting may by ordinary resolution require.

l) *CREST*

The Company will apply for permission for the Shares to be admitted to the CREST system and Shareholders will be able to hold their Shares in certified and uncertified form.

m) *Distribution of Assets on Liquidation*

On a winding-up, any surplus of assets attributable to the Shares will be divided amongst the holders of the relevant class of Shares in the Company according to the respective numbers of such Shares held by them and in accordance with the provisions of the Act, subject to the rights of any shares with special rights or privileges. The Articles provide that the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company in such as way as he may determine.

n) *General Meetings*

Annual general meetings shall be held at such time and place as the Board thinks fit. Other general meetings may be convened at any time the Board thinks fit or on such requisition or in default may be convened by such requisitionists as provided by section 368 of the Act. Any general meeting convened for the passing of a special resolution or a resolution appointing a director, a resolution of which special notice has been given to the Company shall be convened by not less than 21 clear days' notice in writing. Entry to any general meeting by any member or proxy may be refused should that person refuse to submit to security arrangements or restrictions.

4. **Directors' and other interests**

4.1 The interests, following the Offer, all of which are beneficial, which:

- a) have been notified by each Director to the Company;
- b) are required to be entered in the register of Directors' interests maintained under the provisions of Section 809 of the Act; or
- c) are interests of a connected person of a Director which would, if the connected person were a director, be required to be disclosed under a) or b) above, and the existence of which is known to or could with reasonable diligence be ascertained by that director are at the date of this document and are expected to be following the Offer are as follows:

Director	Number of Ordinary Shares as at 19 2009	Number of C Shares as at 19 January 2009	Number of C Shares following the Offer*
Adam Kingdon	-	-	5,183
Sally Duckworth (née Leeson)	-	-	-
Nigel Melville	20,450	21,100	26,283
Ken Vere Nicoll	20,450	26,375	36,741

* assuming an Offer Price of 96.46p based on the NAV as at 31 October 2008 of 91.15p.

Assuming full subscription, each Director's shareholding will represent less than 3 per cent of the aggregate issued share capital of the Company following the close of the Offer.

4.2 The Company is not aware of any person who is directly or indirectly interested in 3 per cent (being the level above which shareholder ownership must be disclosed under the Disclosure and Transparency Rules) or more of the issued capital of the Company following the Offer or who, directly or indirectly, jointly or severally, exercises control over the Company nor of any arrangements the operation of which may result at a subsequent date in a change of control of the Company. All Shareholders have the same voting rights in respect of the Company's share capital.

4.3 For the financial year ended 30 April 2008, the total Directors' remuneration paid was £68,500, comprising Mr Melville £20,000, Mr Kingdon £18,500, Mrs Duckworth £15,000 and Mr Nicoll £15,000 with no amount having been set aside to provide pension, retirement or similar benefits.

4.4 Kenneth Vere Nicoll is a director and shareholder of Matrix Group Limited, which owns Matrix-Securities Limited and has a 51% interest in each of Prime Rate Capital Management LLP, MPEP and Matrix Corporate Capital LLP. He is also a director of Matrix-Securities Limited, the promoter to the Company, which received fees of £nil (2007: £nil; 2006: £497,504) during the year in respect of this appointment, and provided accountancy and company secretarial services to the Company for which it received payment of £93,493 (2007: £89,551; 2006: £56,800) including VAT during the year. £nil (2007: £22,202; 2006: £17,184) was payable to the promoter at the year-end. MPEP earned fees of £500,439 (2007: £478,225; 2006: £288,429), including VAT for the year. £11,672 (2007: £nil; 2006: £42,496) was due from MPEP at the year-end in respect of the expense cap for the year. The Company has invested £1million in a liquidity fund managed by Prime Rate Capital Management LLP, and earned income of £4,628 from this fund in the year. In the current financial year, ongoing payments will be made under the terms of the Offer Agreement, Secretarial Services Agreement, Accountancy Services Agreement, Investment Advisers Agreement, Supplemental Investment Advisers Agreement, Incentive Agreement and Supplemental Incentive Agreement described in paragraphs 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 and 6.7. Ongoing payments at the rate of £10,000 per annum will also be made to Matrix Corporate Capital LLP, of which Mr Vere Nicoll is a partner, under the terms of its appointment as broker to the Company, effective 20 December 2008.

4.5 Except as stated in paragraph 4.4 above, there are no potential conflicts of interest between any of the Directors' duties to the Company and their private interests or other duties.

4.6 No loan or guarantee has been granted or provided by the Company to or for the benefit of any Director.

4.7 None of the Directors has been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) and none of the Directors has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a listed company or from acting in the management or conduct of the affairs of any listed company for at least the previous 5 years.

4.8 Save as disclosed in paragraph 4.9 below, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company has been established for fewer than five years, or (iv) a senior manager, for at least the previous five years.

4.9 The following sub-paragraphs provide details of the directorships held by the Directors in companies which have been placed into administration or liquidation within the last five years:

- 4.9.1 Mr Kingdon and Mr Melville were directors of EYR 2001 Limited at the time of a creditors voluntary winding-up in August 2004. The estimated surplus to creditors was £30,557.61.
- 4.9.2 Mr Kingdon and Mr Melville were directors of RYE CMS Limited at the time of a creditors voluntary winding-up in November 2002. The estimated deficit to creditors was £1,815,602.66.
- 4.9.3 Mr Vere Nicoll was a director of RMT Group plc at the time of a creditors voluntary arrangement in March 1992. The arrangement was completed in March 2004 with no deficit to creditors. In October 2006 Zebra Group Limited (formerly Zebra Group plc and RMT Group plc) was dissolved by way of a members voluntary liquidation.
- 4.9.4 Mrs Duckworth was a director of Printable Field Emitters Limited when it went into administration on 7 April 2004, with an estimated deficit to creditors of £1,922,424. On 17 March 2005 the administration was brought to an end and Printable Field Emitters was placed into compulsory liquidation.
- 4.9.5 Mrs Duckworth resigned as a director of Digital Union UK Limited (now Rocko Limited) on 26 May 2004. It went into administration on 28 April 2005 with an estimated deficiency of £790,669 as at 13 June 2005. On 4 May 2006 Rocko Limited entered a creditors voluntary winding up.

4.10 None of the Directors has any convictions in relation to fraudulent offences for at least the previous 5 years.

4.11 The Directors are currently members of the administrative, management or supervisory bodies of the companies and partnerships mentioned below or have been such within the last five years:

Adam Fletcher Downs Kingdon

Current Directorships/Partnerships:

- Adam Kingdon Associates Limited
- I2O Water Ltd
- Kingdon Burrows Performance Aircraft Limited
- Porthminster Press Limited

Past Directorships/Partnerships:

- Eyr 2001 Limited
- Rye CMS Limited

Sally Louise Duckworth (née Leeson)

Current Directorships/Partnerships:

- Ashe Morris Ltd
- Forty Six and Forty Eight Elm Park Road Management Company Limited
- Mysapient Limited
- Out There Ltd
- Stormagic Limited
- Tixdaq Limited
- Xanthic Limited

Past Directorships/Partnerships:

- Endeavour Ventures Limited
- First Index Group Limited
- Printable Field Emitters Limited
- Rocko Limited
- The Brand Distillery Ltd
- The 5th Medium Limited

Nigel Edward Melville

Current Directorships/Partnerships:

- Excellent Development Limited

Past Directorships/Partnerships:

-

- JPMorgan Chinese Investment Trust PLC
- M.K.M Trading Company Limited
- National Osteoporosis Society
- Emtelle Holdings Limited
- Emtelle Holdings (2007) Limited
- Eyr 2001 Limited
- Mobile Osteoporosis Scanning Service Limited
- Rye CMS Limited
- Wimbledon 123 Limited

Kenneth Charles Vere Nicoll

Current Directorships/Partnerships:

- DCG Group Limited
- Erros Limited
- Matrix CC Limited
- Matrix Corporate Capital LLP
- Matrix Group Limited
- Matrix-Securities Limited
- Tolwall Limited
- Unicorn AIM VCT II plc

Past Directorships/Partnerships:

- E VCT Limited
- E3W Capital Limited
- Internet VCT Limited
- Matrix Corporate Finance Limited
- Matrix Private Equity (Managers) Limited
- St. James's Partners Limited
- Zebra Group Limited
- IP Maestrale Energy Italy 13 LLP

4.12 None of the Directors has a service contract with the Company and no such contract is proposed. Mr Melville and Mr Nicoll were engaged by the Company under letters of appointment dated 10 May 2000 and Mr Kingdon and Mrs Duckworth were engaged by the Company under letters of appointment dated 29 September 2006 and 1 January 2007 respectively none of which contain any provisions as to the payment of benefits on termination and are terminable by either party on 3 months notice. The Articles provide for Directors to retire by rotation as described in paragraph 3.2(g)(viii) above. The Directors are not required to hold Shares.

4.13 The Board has adopted the AIC code of Corporate Governance ("the AIC Code") for the financial year ended 30 April 2008. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code.

The members of the audit committee of the Company are Mr Kingdon (Chairman), Mrs Duckworth and Mr Melville. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and meet at least twice a year, amongst other things, to consider the following:

- monitoring the integrity of the financial statements of the Company;
- reviewing the Company's internal control & risk management systems;
- making recommendations to the Board in relation to the appointment of the external auditor;
- reviewing and monitoring the external auditor's independence; and
- implementing and reviewing the Company's policies on the engagement of the external auditor to supply non-audit services.

The remuneration and nomination committees comprise all four of the Directors of the Company. The Committees meet at least once a year and are responsible for considering the levels of remuneration payable to the Directors and the composition of the Board respectively.

5. Investment and dividend policy

5.1 Investment Policy

The Company's policy in relation to VCT Qualifying Holdings is to invest primarily in a diverse portfolio of UK established, profitable, unquoted companies in order to generate capital gains from trade sales and flotations. Investments are structured as part loan and part equity in order to receive regular income and to provide downside protection in the event of under-performance. Investments are made selectively across a number of sectors, primarily in 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 gross assets of £7 million or less immediately pre-investment and £8 million or less immediately post-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 HMRC. The Company may not invest more than 15% of its investments in a single company and achieve at least 70% by value of its investments throughout the period in shares or securities in qualifying holdings, of which a minimum overall of 30% by value must be ordinary shares which carry no preferential rights. In addition, although the Company can invest less than 30% of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each qualifying company in ordinary shares which carry no preferential rights.

Asset mix:

The Investment Manager aims to hold approximately 80% 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% 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. No holding in any one company will represent more than 10% of the value of the VCT's investments, based on cost, at the time of investment. Ongoing monitoring of each investment is carried out by the Adviser generally through taking a seat on the Board of each VCT qualifying company.

Co-investment:

The VCT aims to invest alongside four other Income and Growth VCTs advised by the Adviser with a similar investment policy. This enables the VCT to participate in combined investments by the Adviser of up to £5million.

Borrowing:

While the Articles permit the Company to borrow up to the equivalent of its adjusted capital and reserves, which as at 31 October 2008 amounted to £17,191,345, the Company has no borrowing and does not have any current plans for future borrowings.

5.2 Dividend Policy

The C Share Fund's dividend policy is to pay out income to Shareholders. Generally, a VCT is required to distribute by way of dividend such amount as ensures that it retains not more than 15 per cent of its income derived from shares and securities.

6. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business), are the only contracts which have been entered into by the Company and either (a) are or may be material to the Company or (b) contain any provision under which the Company has any obligation or entitlement which is material to the Company at the date of this document:

6.1 An Offer Agreement dated • 2008 between the Company (1), the Directors (2), Matrix-Securities (3), Blomfield (4) and the Adviser (5) whereby Matrix-Securities agreed to act as promoter and Blomfield agreed to act as sponsor in connection with the Offer. This agreement contains warranties, which have been given by the Directors to Matrix-Securities and Blomfield in relation to the accuracy of the information in the Prospectus and from Matrix-Securities and the Adviser to the Directors and the Company in relation to accuracy of information they have provided. The Company has also agreed to indemnify Matrix-Securities and Blomfield for any loss suffered in respect of their respective roles as promoter and sponsor. There are no time limits on the indemnities. The Company will pay to Matrix-Securities a commission of 5.5 per cent of the gross amount subscribed under the Offer excluding trail and the Company's legal fees out of which will be paid all costs, charges and expenses of or incidental to the Offer including the fees of Blomfield in connection with the Offer. Matrix-Securities will also pay commission to authorised financial advisers save that the Company shall pay annual trail commission to authorised financial advisers on the basis described on page 20 of the Securities Note.

6.2 A Secretarial Services Agreement dated 20 September 2005 between the Company (1) and Matrix-Securities (2) pursuant to which Matrix-Securities has agreed to provide secretarial and certain administrative services to the Company which may be terminated by not less than twelve months notice given at any time. Matrix-Securities will receive an annual fee equivalent to 0.09 per cent (plus VAT) of gross proceeds of any offers in relation to the C Share Fund and £18,000 (plus VAT) in relation to the Ordinary Share Fund payable quarterly in arrears.

6.3 An Accountancy Services Agreement dated 20 September 2005 between the Company (1) and Matrix-Securities (2) pursuant to which Matrix-Securities has agreed to provide accountancy services to the Company which may be terminated by not less than twelve months notice given at any time. Matrix-Securities will receive a fee equivalent to 0.21 per cent (plus VAT) of gross proceeds of any offers in relation to the C Share Fund and £27,500 (plus VAT) in relation to the Ordinary Share Fund payable quarterly in arrears.

6.4 An Investment Adviser's Agreement dated 10 May 2000 between the Company (1) Matrix Private Equity (Managers) Limited (novated on 3 July 2001) (2) and Mark Burgess and Helen Sinclair (3) (as novated to the Adviser pursuant to the novation agreement between the same parties and MPE dated 16 September 2005) pursuant to which the Adviser agreed to act as investment adviser in respect to the Ordinary Share Fund.

The Adviser advises the Company on investments in Qualifying Companies. The Investment Adviser's Agreement was for an initial period of five years from first admission to the Official List of the UK Listing Authority and thereafter continues until the appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period. Mark Burgess and Helen Sinclair resigned from MPE on 14 February 2003 and 16 May 2005, respectively. Ashley Broomberg was appointed a director of MPE on 5 March 2003, Mark Wignall, Jonathan Gregory, Robert Henry, Eric Tung and Michael Walker were appointed directors on 27 October 2004, and John Brandon was appointed a director on 21 June 2005.

The Adviser is entitled to an annual advisory fee of 2 per cent of the net assets attributable to

the Ordinary Share Fund. The annual management fees are calculated and payable quarterly in advance, together with any applicable VAT. This fee may be reduced by an amount equivalent to the excess total annual expenses over 3.6 per cent of opening net assets at the start of each quarter, being the agreed cap on the management fee. The Adviser earned fees of £500,439 (including VAT) for the year ended 30 April 2008.

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

6.5 A Supplemental Investment Adviser's Agreement dated 20 September 2005 between the Company (1), and the Adviser (2), under which the Investment Adviser's Agreement described in paragraph 6.4 above was been extended to the C Share Fund to provide non-discretionary portfolio management services in respect of the C Share Fund's investments in VCT Qualifying Investments.

The Adviser will be allocated approximately 80 per cent of the net proceeds of the Offer for investment in VCT Qualifying Investments. The balance of the net proceeds will be invested in a portfolio of readily realisable interest bearing investments with the objective of preserving capital whilst providing Investors with reasonable income returns during the early years of the C Share Fund and providing flexibility to enable future cash needs of investee companies to be supported and to cover the Company's running costs.

The Adviser will receive an annual management fee of 2 per cent of the net asset value of the C Share Fund. The management fee will be calculated quarterly and will be payable quarterly in advance together with any applicable VAT.

The Adviser is entitled to the reimbursement of expenses incurred by it on behalf of the Company.

Subject to full disclosure to the Board, the Adviser may retain the benefit of arrangement fees, which it receives in connection with any unquoted investment made by the Company up to a maximum of 2.5 per cent of the funds invested by the Company in the relevant investee company.

The Supplemental Investment Management Agreement is terminable on twelve months prior written notice. There are provisions for early termination in the event of material breach or insolvency by the Company or a termination of the Adviser's appointment in the event of material breach or insolvency of the Adviser.

6.6 An Incentive Agreement dated 10 May 2000 between the Company (1) MPE (2) members of the investment committee at the time (3) and Mark Burgess and Helen Sinclair (4) pursuant to which the Company granted to MPE, the members of the investment committee and Mark Burgess, Helen Sinclair and Ashley Broomberg the right to be issued with performance warrants in connection with the Ordinary Share Fund.

Under the Carried Interest Agreement MPE, Mark Burgess, Helen Sinclair, Ashley Broomberg and members of the investment committee at the time of the Company (which included Mr Cumming and Mr Adams) were entitled to be issued with performance warrants granting the right to subscribe for Ordinary Shares at par which represent 16.67 per cent of the sum of (i) the number of Ordinary Shares allotted pursuant to the Company's prospectus dated 10 May 2000 plus (ii) the number of Ordinary Shares allotted pursuant to the exercise of performance warrants. The condition for the issue of performance warrants is that cumulative dividend payments are declared or paid amounting to the equivalent of not less than 80p for each Ordinary Share in issue ("the hurdle") at any time before the seventh anniversary of the launch of the original Ordinary Share offer. If the hurdle is not reached until after the seventh anniversary of the launch of the Ordinary Share offer, the entitlement to subscribe for shares is reduced at a rate of 1.5 per cent per annum until the twelfth anniversary, after which, if the

hurdle has not been reached, the performance warrants lapse.

6.7 A Supplemental Incentive Agreement dated 16 September 2005 between the (1) Company and (2) the Adviser pursuant to which the Company granted to the Adviser the right to receive further fees in relation to the C Share Fund. Under that agreement, the Adviser will be entitled to receive a performance fee equivalent to 20% of the excess above 6p, of the annual dividends paid to C Shareholders. The performance fee will only be payable if the NAV per C Share over the year relating to payment has remained at or above 100p per C Share. The performance fee will be payable annually, with any cumulative shortfalls below the 6p threshold having to be made up in later years.

6.8 A Novation Agreement dated 16 September 2005 between, inter alia, the Company (1) and the Adviser (2) novating the original Investment Adviser's Agreement referred to in paragraph 6.4 dated 10 May 2000 to the Adviser.

7. Taxation

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Directors as to the position of the Company's shareholders who hold shares in the Company other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

7.1 Taxation of dividends

Under current law, no tax will be withheld by the Company when it pays a dividend.

7.2 Stamp duty and stamp duty reserve tax

The Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the C Shares. The Company has been advised that the transfer of shares of any class in the Company will, subject to any application exceptions, be liable to ad valorem stamp duty at the rate of 0.5 per cent of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped transfer will be subject to stamp duty reserve tax generally at the rate of 0.5 per cent of the consideration paid.

7.3 Close company

The Directors believe that the Company is not and expect that following completion of the Offer the Company will not be a close company within the meaning of section 414 of the Income and Corporation Taxes Act 1988 (as amended). If the Company were found to be a close company in any accounting period, approval as a VCT would be withdrawn.

8. Financial Information on the Company

8.1 Analysis of the Investment Portfolio

All of the Company's investments as at 31 October 2008 are valued in sterling and an unaudited analysis is set out below:

Ordinary Share Fund - Investment Portfolio Summary as at 31 October 2008				
	Date of first investment	Total Book cost	Valuation	% of net assets by value
		£	£	
Qualifying investments				

AiM quoted investments				
SectorGuard plc	August 2005	150,000	64,286	0.7%
Provision of manned guarding, mobile patrolling, and alarm response services				
Vphase plc (formerly Flightstore Group plc)	March 2001	254,586	9,821	0.1%
Development of energy saving devices for domestic use				
Total AiM quoted investments		404,586	74,107	0.8%
Unquoted investments				
Youngman Group Limited	October 2005	1,000,052	1,348,292	15.2%
Manufacturer of ladders and access towers				
PastaKing Holdings Limited	June 2006	274,624	838,555	9.5%
Supplier to the educational and food service market				
British International Holdings Limited	June 2006	832,827	809,139	9.1%
Supplier of helicopter services				
Blaze Signs Holdings Limited	April 2006	791,608	763,319	8.6%
Sign writer				
DiGiCo Europe Limited	July 2007	588,886	684,312	7.7%
Design and manufacture of audio mixing desks				
VSI Limited	April 2006	231,020	658,646	7.5%
Developer and marketer of 3D software				
ATG Media Holdings Limited	October 2008	508,736	508,736	5.8%
Antiques publication				
Vectair Holdings Limited	January 2006	243,784	399,278	4.5%
A provider of air care and sanitary washroom products				
PXP Holdings Limited (Pinewood Structures)	December 2006	588,886	161,595	1.8%
Designer, manufacturer and supplier of timber frames for housing				
The Plastic Surgeon Holdings Limited	April 2008	230,986	115,493	1.3%
Snagging and finishing of domestic and commercial properties				
Campden Media Limited	January 2006	975,000	39,048	0.4%
Magazine publisher and conference organiser				
Recite Limited	August 2003	1,000,000	-	0.0%
Sales support software				
Racoon International Holdings Limited	December 2006	517,350	-	0.0%
Supplier of hair extensions, hair care products and training				
Award International Holdings plc	March 2004	250,000	-	0.0%
Sales promotion activities				
Total Unquoted investments		8,033,759	6,326,413	71.4%

Total qualifying investments (1)		8,438,345	6,400,520	72.2%
Non-qualifying investments				
Money market funds (2)		2,192,457	2,192,457	24.8%
Cash		29,424	29,424	0.3%
SectorGuard plc		106	37	0.0%
Total non-qualifying investments		2,221,987	2,221,918	25.1%
Debtors			290,821	3.3%
Creditors			(58,305)	(0.6%)
Net assets			8,854,954	100.0%
1 As at 31 October 2008, the Company (comprising both share classes) held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT Investment test. For the purposes of the VCT Investment tests, the Company is permitted to disregard disposals of investments for six months from the date of disposal.				
2 Disclosed within Current assets as Investments at fair value in the Balance Sheet.				

C Share Fund - Investment Portfolio Summary as at 31 October 2008				
	Date of first investment	Total Book cost	Valuation	% of net assets by value
		£	£	
Qualifying investments				
Unquoted investments				
Barnfield Management Investments Limited	July 2008	1,000,000	1,000,000	12.0%
Company seeking to acquire businesses in the food manufacturing, distribution or brand management sectors				
Vanir Consultants Limited	October 2008	1,000,000	1,000,000	12.0%
Company seeking to acquire businesses in the database management, mapping or data mapping sectors				
Focus Pharma Holdings Limited	October 2007	660,238	677,211	8.1%
Licensing and distribution of generic pharmaceuticals				
PastaKing Holdings Limited	June 2006	191,720	585,412	7.0%
Supplier to the educational and food service market				
Monsal Holdings Limited	December 2007	769,000	576,750	6.9%
Engineering services to water and waste sectors				
Blaze Signs Holdings Limited	April 2006	606,890	569,080	6.8%
Sign writer				
DiGiCo Europe Limited	July 2007	411,114	477,732	5.7%
Design and manufacture of audio mixing desks				

ATG Media Holdings Limited	October 2008	355,159	355,159	4.3%
Antiques publication				
VSI Limited	April 2006	77,623	221,306	2.8%
Developer and marketer of 3D software				
British International Holdings Limited	June 2006	167,173	162,426	1.9%
Supplier of helicopter services				
PXP Holdings Limited (Pinewood Structures)	December 2006	411,114	112,813	1.4%
Designer, manufacturer and supplier of timber frames for housing				
The Plastic Surgeon Holdings Limited	April 2008	161,278	80,639	1.0%
Snagging and finishing of domestic and commercial properties				
Racoon International Holdings Limited	December 2006	361,177	-	0.0%
Supplier of hair extensions, hair care products and training				
Total qualifying investments (1)		6,172,486	5,818,528	69.9%
Non-qualifying investments				
Money market funds (2)		2,501,903	2,501,903	30.0%
Cash		19,867	19,867	0.2%
Total non-qualifying investments		2,521,770	2,521,770	30.2%
Debtors			130,298	1.6%
Creditors			(134,205)	(1.6%)
Net assets			8,336,391	100.0%
<p>¹ At 31 October 2008, the Company (comprising of both share classes) held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT Investment test. For the purposes of the VCT Investment tests, the Company is permitted to disregard disposals of investments for six months from the date of disposal.</p> <p>² Disclosed within Current assets as Investments at fair value in the Balance Sheet.</p> <p>The other Funds managed by MPEP include Matrix Income & Growth VCT plc (MIG VCT), Matrix Income & Growth 3 VCT plc (MIG3), Matrix Income & Growth 4 VCT plc (MIG4) and The Income and Growth VCT plc (I&G). All of these Funds have co-invested alongside the Company in Blaze Signs Holdings Limited, British International Holdings Limited, Campden Media Limited, PastaKing Holdings Limited, PXP Holdings Limited, Racoon International Holdings Limited, VSI Limited, DiGiCo Europe Limited, Monsal Holdings Limited, Focus Pharma Holdings Limited and Plastic Surgeon Holdings Limited. All of these Funds with the exception of MIG3 have also co-invested alongside the Company in Campden Media Limited, SectorGuard plc, Vectair Holdings Limited and Youngman Group Limited. MIG VCT and MIG3 have co-invested alongside the Company in Barnfield Investment Management Ltd and MIG3 has also co-invested in Vanir Consultants Limited.</p>				

8.2 Other Financial Information

Financial Information on the Company is published in the audited Annual Report and Accounts for the three years ended 30 April 2008, 30 April 2007 and 30 April 2006, which are hereby incorporated by reference into this Registration Document. The accounts for the year ended 30 April 2006 were audited by MRI Moores Rowland LLP, registered auditors, with their registered office at 3 Sheldon Square, Paddington, London, W2 6PS. Following the merger between MRI Moores Rowland and Mazars LLP, the accounts for the years ended 30 April 2007 and 2008 were audited by Mazars LLP, also registered auditors and with the same

registered office. Both firms are members of the Institute of Chartered Accountants in England & Wales. All three sets of accounts were reported on without qualification and contained no statement under section 498(2) or (3) of the Act. On 10 September 2008, PKF (UK) LLP was appointed auditor in place of Mazars LLP.

Such information includes for the three years, a description of the issuer's financial condition and changes hereto, results of operations, audited historical financial information and dividends per share.

The report and accounts for the three years ended 30 April 2008 and the unaudited interim statement for the six months ended 31 October 2008 are incorporated by reference into this registration document and can be accessed by Investors at the following website:

www.matrixgroup.co.uk

and are available for inspection at the FSA's document viewing facility, which is situated at:
 Financial Services Authority
 25 The North Colonnade
 Canary Wharf
 London E14 5HS

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document.

Description	Annual Report and Accounts 30 April 2008	Annual Report and Accounts 30 April 2007	Annual Report and Accounts 30 April 2006	Half-year ended 31 October 2008 (unaudited)	Half-year ended 31 October 2007 (unaudited)
Non-statutory analysis between the Ordinary Share and C Share Funds	Page 30	Page 23	Page 20	Page 8	Page 10
Balance sheet	Page 31	Page 24	Page 21	Page 12	Page 12
Cash flow statement	Page 35	Page 28	Page 25	Page 13	Page 13
Accounting policies and explanatory notes	Pages 36-38	Pages 29-30	Pages 26-27	Page 14	Page 14
Auditor's Report	Page 32	Page 25	Page 22	N/A	N/A

Such information also includes operating / financial reviews as follows: -

Description	Annual Report and Accounts 30 April 2008	Annual Report and Accounts 30 April 2007	Annual Report and Accounts 30 April 2006	Half-year ended 31 October 2008 (unaudited)	Half-year ended 31 October 2007 (unaudited)
Financial Highlights	pages 2-5	Page 1	Page 1	Page 1	Page 1
Investment Manager's Review	Pages 12-18	Pages 6-12	Pages 4-9	Page 4	Page 6

Principal activity and status	Page 20	Page 14	Page 11	N/A	N/A
Results	Page 20	Page 14	Page 11	Page 1	Page 1
Dividend	Page 20	Page 14	Page 11	Page 3	Page 4
Issue and buy-back of shares	Page 20	Page 14	Page 11	N/A	N/A

This information has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statement having current regard to accounting standards and policies and legislation applicable to those financial statements.

8.3 Selected financial information

Certain selected financial information is set out below.

	Year ended 30 April 2008	Year ended 30 April 2007	Year ended 30 April 2006	Half-year ended 31 October 2008 (unaudited)	Half-year ended 31 October 2007 (unaudited)
Investment income	1,027,023	906,689	311,585	464,611	501,357
Revenue return on ordinary activities before taxation	559,642	488,867	(60,322)	276,179	264,624
Revenue return per Ordinary Share (p)	1.82	1.54	(0.49)	1.09	0.87
Revenue return per C Share (p)	2.65	2.3	0.05	1.28	1.25
Dividends per Ordinary Share (p)	6.0	Nil	12.0	6.0	6.0
Dividends per C Share (p)	1.5	Nil	Nil	2.5	1.5
Net assets attributable to the Ordinary Shares	11,135,530	12,912,394	10,938,976	8,854,954	12,263,403
Net assets attributable to the C Shares	9,007,361	8,885,025	8,648,486	8,336,391	9,006,727
Net Asset Value per Ordinary share (p)	96.91	107.24	87.05	77.84	104.71
Net Asset Value per C share (p)	98.48	97.15	94.32	91.15	98.48

8.4 Pro forma financial information

As at 31 October 2008, the date to which the most recent unaudited financial statements have been made up, the Company had net assets of £17,191,345. For illustrative purposes, had the Offer taken place at that date and been fully subscribed, the Company's net assets would have risen by the addition of £14,175,000 in cash. It is expected that the impact of the C Share Issue on net earnings will initially comprise interest earned less expenses, which is unlikely to be materially accretive or dilutive thereto.

9. The Adviser

9.1 On 27 June 2006 the Adviser was incorporated as a limited liability partnership with registered number OC320577. The principal legislation under which the Adviser operates is the Limited Liability Partnership Act 2000 and the relevant provisions of the Act and regulations made thereunder. The Adviser's registered office and principal place of business is at One Vine Street, London W1J 0AH (telephone number 0203 206 7000). The Adviser is authorised by the FSA to provide investment services.

9.2 As is customary in the private equity industry, the Adviser may retain for its own benefit and without liability to account to the Company, subject to full disclosure having been made to the Board, arrangement fees which it receives in connection with any unquoted investment made by the C Share Fund up to a maximum of 2.5 per cent of the amount invested by the C Share Fund in the relevant investee company. It may also receive all monitoring fees or directors' fees. Costs incurred on abortive investment proposals will be the responsibility of the Adviser.

9.3 The Board is responsible for determination and calculation of the net asset value of the Company and its investments. All unquoted investments will be valued in accordance with IPEVCV under which investments are not normally re-valued above cost within twelve months of acquisition unless third party funding has occurred. Any AIM or other quoted investment will be valued at the bid price of its shares in accordance with General Accepted Accounting Practice. Net asset values on these valuations are published six monthly and announced via a Regulatory Information Service.

If for any reason valuations of the Company or its underlying investments are suspended at any time, investors will be notified as soon as reasonably practicable following such suspension and will be supplied with sufficient information to enable them to understand the reasons for and likely length of time of the suspension. Investors will be similarly further notified when valuations have been reinstated.

9.4 The Company expects to co-invest with the other VCT funds advised by the Adviser, participating in equity investments up to £5 million in order to target more developed companies.

Where more than one of the Adviser's VCT funds wish to participate in an investment opportunity, the VCTs' allocations will be made in the ratio of the net funds raised and allocated to the Adviser, at the time it was raised, 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 VCT fund's portfolio in VCT Qualifying Investments.

Where a VCT is in its fundraising 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.

When a VCT has insufficient funds available to satisfy its allocation, the balance shall be offered to the remaining VCT clients who have funds available for new investments pro rata as between themselves.

In the event that the Ordinary Share Fund has funds available for investment, any new investment made by the Company will be drawn pro rata from the Ordinary Share Fund and C Share Fund, based on respective Net Asset Values.

Any variation from this co-investment policy, insofar as it affects the Company or where the Company makes any investment not at the same time and on the same terms as that made by other VCT funds, may only be made with the prior approval of the Directors who are independent of the Adviser.

Save for the above or as mentioned in paragraph 6, there are no material potential conflicts of interest which the Adviser may have as between its duty to the Company and duties owed by

them to third parties and their interests.

9.5 The Company will have custody of its own assets, that is to say:

- (i) the Company's monetary assets will be held in bank accounts and/or money market accounts in the Company's own name; and
- (ii) the Company's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in the Company's own name.

10. General

10.1 The Company has no subsidiary undertakings and is not itself a subsidiary of another company.

10.2 Matrix-Securities Limited, a subsidiary of Matrix Group Limited, is the promoter of the Company and save as disclosed in paragraph 4.4 and 6 above no amount of cash, securities or benefits has been paid, issued or given to companies within the Matrix Group Limited group and none is intended to be paid, issued or given.

10.3 There are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) during the previous 12 months, which may have or have had in the recent past, a significant effect on the Company's financial position or profitability.

10.4 The Company does not have, nor has it had since its incorporation, any employees and it neither owns nor occupies any premises.

10.5 The Company is subject to investment restrictions relating to Venture Capital Trusts in the ITA, and in the Listing Rules which specify that (i) the Company must invest and manage its assets in a way which is consistent with its object of spreading risk, (ii) the Company must not conduct any significant trading activity, (iii) the Company must not invest more than 10% in aggregate, of the value of its total assets at the time an investment is made in other listed closed-ended investment funds. The Company intends to conduct its affairs in respect of each of its accounting periods so as to qualify as a Venture Capital Trust, and accordingly:

- a) none of the investments, other than in a Venture Capital Trust or a company which would qualify as a Venture Capital Trust if it were listed, must represent more than 15 per cent by value of its investments;
- b) not more than 20 per cent. of the Company's gross assets will be invested in the securities of companies which are property companies; and
- c) the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings.

In the event of a breach of these restrictions, Shareholders will be informed by means of an RNS announcement and/or by means of the Company's interim or annual report or other Shareholder communications.

10.6 PKF (UK) LLP and Blomfield Corporate Finance Limited has consented to the use of its name and the context in which it is used in this document.

10.7 As at 19 January 2009 the Company had declared and paid aggregate dividends of 26.79p per Ordinary Share and 4.00p per C Share.

10.8 The Company's capital resources are restricted insofar as they may be used only in putting into effect their investment policies described in paragraph 5 above.

10.9 The Company is not regulated by the Financial Services Authority.

10.10 There has been no significant change in the financial or trading position of the Company which has occurred since 31 October 2008, being the end of the last financial period for which unaudited interim financial information has been published.

10.11 The typical investor for whom investment in the Company is designed is an individual retail investor aged 18 or over who is resident and a taxpayer in the United Kingdom.

11. Documents for Inspection

Copies of the following documents will be available for inspection at the offices of CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street, London, EC1A 4DD during normal office hours from the date of this document for the duration of the Offer:

- 11.1 the Memorandum and Articles of Association of the Company;
- 11.2 the Directors' letters of appointment referred to in paragraph 4.14 above;
- 11.3 the material contracts referred to in paragraph 6 above;
- 11.4 the consent letter referred to in paragraph 10.6 above;
- 11.5 the audited Annual Report and Accounts for the last three financial periods and the unaudited results statement for the six months ended 31 October 2008;
- 11.6 the Securities Note; and
- 11.7 this Summary Note and Registration Document.

19 January 2009

Directors & Advisers

Directors

Nigel Melville
Sally Duckworth (née Leeson)
Adam Kingdon
Ken Vere Nicoll

all of:

One Vine Street
London
W1J 0AH

Secretary

Matrix-Securities Limited
One Vine Street
London
W1J 0AH

Sponsor

Blomfield Corporate Finance Limited
1-3 College Hill,
London
EC4R 2RA

Stockbroker

Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

Promoter

Matrix-Securities Limited
One Vine Street
London
W1J 0AH

Company's Registered Office

One Vine Street
London
W1J 0AH
Tel: 020 3206 7000
Email: mig2@matrixgroup.co.uk

Registrar

Capita
Northern House
Woodsome Park
Fennay Bridge
Huddersfield
West Yorkshire
HD8 0LA

Solicitors to the Company

Martineau
No 1 Colmore Square
Birmingham
B4 6AA

Investment Adviser

Matrix Private Equity Partners LLP
One Vine Street
London
W1J 0AH

Independent Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RN

Bankers

National Westminster Bank Plc
City of London Office
PO Box 122658
1 Princes Street
London
EC2R 8PA

Solicitors to the Offer

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Receiving Agent

The City Partnership (UK) Limited
Box 41
196 Rose Street
Edinburgh
EH2 4AT