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

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THE INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 04069483)

Recommended Proposals to:

**Merge the Share Classes of the Company and make consequential amendments to the Articles,
Approve Revised Management and Administration Arrangements,
Amend the investment policy of the Company,
and
Renew and increase the authority to issue and buy-back Shares**

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

You will find set out at the end of this document notice of an Extraordinary General Meeting and separate class meetings of the holders of Ordinary Shares and S Shares to be held at 10.30 am, 10.40 am and 10.45 am respectively, on 26 March 2010 at One Vine Street, London W1J 0AH to approve Resolutions to effect the Proposals contained herein.

To be valid, the relevant forms of proxy attached to this document should be returned not less than 48 hours before the relevant meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. For further information on any of the meetings or the completion and return of a form of proxy, please telephone the Capita Registrars helpline between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice.

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EXPECTED TIMETABLE

Share Merger NAV Reference Date	31 December 2009
Annual General Meeting	11.00 am on 3 March 2010
Dividends' payment date/DRIS Scheme Shares allotted	17 March 2010
Latest time for receipt of forms of proxy for the Extraordinary General Meeting	10.30 am on 24 March 2010
Latest time for receipt of forms of proxy for the Ordinary Share Class Meeting	10.40 am on 24 March 2010
Latest time for receipt of forms of proxy for the S Share Class Meeting	10.45 am on 24 March 2010
DRIS Scheme - Listing of Shares	by 26 March 2010
Extraordinary General Meeting	10.30 am on 26 March 2010
Ordinary Share Class Meeting	10.40 am on 26 March 2010
S Share Class Meeting	10.45 am on 26 March 2010
CREST accounts suspended	close of business on 26 March 2010
Record Date for the Share Merger	close of business on 26 March 2010
Effective Date for the Share Merger*	close of business on 29 March 2010
Amendment to the listing of Shares	30 March 2010
CREST accounts re-credited	31 March 2010
Certificates for the New Ordinary Shares dispatched	5 April 2010

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

CORPORATE INFORMATION

Directors

Colin Peter Hook (Chairman)
Christopher Mark Moore
Helen Rachelle Sinclair

(all of the registered office)

Registered Office

One Vine Street
London
W1J 0AH

Telephone: 0203 206 7000
Email: ilandg@matrixgroup.co.uk
Website: www.incomeandgrowthvct.co.uk

Company Number

04069483

Investment Manager and Administrator

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

Company Secretary*

Matrix Securities Limited
One Vine Street
London
W1J 0AH

Solicitors

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

Sponsor

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 2AP

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0GA

Bankers and Custodian

National Westminster Bank plc
Financial Institutions Team
First Floor
Mayfair Commercial Banking Centre
65 Piccadilly
London
W2A 2PP

Stockbroker

Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

* (it is proposed to formally appoint Matrix Private Equity Partners LLP as the Company Secretary following the EGM)

PART I – DEFINITIONS

“Annual General Meeting”	the annual general meeting of the Company to be held on 3 March 2010
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company
“CA 1985”	Companies Act 1985, as amended
“CA 2006”	Companies Act 2006, as amended
“Capita Registrars”	a trading name for Capita Registrars Limited
“Class Meetings”	the Ordinary Share Class Meeting and the S Share Class Meeting
“Companies Acts”	CA 1985 and CA 2006
“Company”	The Income & Growth VCT plc
“Deferred Shares”	the deferred shares of 1p each proposed to be created from the redesignation of Ordinary Shares into S Shares pursuant to the Share Merger
“Dividends”	the final dividends declared for the year ended 30 September 2009
“DRIS Scheme”	the dividend investment scheme operated by the Company
“Effective Date”	the date on which the Share Merger will be completed, this being 29 March 2010
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 26 March 2010
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Foresight Group”	Foresight Group LLP, one of the previous investment advisers to the Ordinary Share fund
“HMRC”	Her Majesty’s Revenue & Customs
“IA 1986”	Insolvency Act 1986, as amended
“ICTA 1988”	Income and Corporation Taxes Act 1988, as amended
“ITA 2007”	Income Tax Act 2007, as amended
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Matrix-Securities”	Matrix-Securities Limited of One Vine Street, London W1J OAH, the current administrator to the Company
“Matrix Private Equity”	Matrix Private Equity Partners LLP of One Vine Street, London W1J OAH, the investment manager to the Company
“Meetings”	the Extraordinary General Meeting and the Class Meetings
“NAV” or “net asset value”	net asset value
“New Ordinary Shares”	the new Ordinary Shares to be created by the Share Merger (and each a “New Ordinary Share”)
“Official List”	the official list of the UKLA
“Ordinary Share Class Meeting”	the separate meeting of the holders of Ordinary Shares to be held on 26 March 2010
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company (and each an “Ordinary Share”)
“Ordinary Shares fund”	the net assets of the Company attributable to the holders of Ordinary Shares

“Proposals”	the proposals to effect the Share Merger, implement the Revised Management and Administration Arrangements and pass the Resolutions
“Record Date”	the record date to which Shareholders’ entitlements pursuant to the Share Merger will be allocated, this being 26 March 2010
“Resolutions”	the resolutions to be proposed at the Meetings (and each a “Resolution”)
“Revised Management and Administration Arrangements”	the revised management, administration and performance incentive arrangements proposed to be entered into between the Company and Matrix Private Equity, which constitute a related party transaction under the Listing Rules as described on page 13 of this document
“S Share Class Meeting”	the separate meeting of the holders of S Shares to be held on 26 March 2010
“S Shares”	S ordinary shares of 1p each in the capital of the Company (and each an “S Share”)
“S Shares fund”	the net assets of the Company attributable to the holders of S Shares
“Share Merger”	the proposed merger of the Ordinary Shares and S Shares as set out on pages 10 and 11 of this document
“Share Merger NAV Reference Date”	the reference date for the NAVs for the Share Merger, this being 31 December 2009
“Shareholder”	a holder of Shares
“Shares”	prior to the Share Merger, Ordinary Shares and S Shares, and following the Share Merger, the New Ordinary Shares (and each a “Share”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
“VCT” or “venture capital trust”	a venture capital trust as defined in section 259 of ITA 2007

PART II – RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including,

if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

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

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

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

Changes in legislation, including those proposed in the Pre-Budget Report 2009, concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investments opportunities for the Company and/or reduce the level of returns which would otherwise have been available to the Company.

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

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

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

Where more than one of the funds managed or advised by Matrix Private Equity wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net funds raised and allocated to Matrix Private Equity for each fund. When one of the funds managed or advised by Matrix Private Equity is in its fund raising period, its net funds raised, for the purpose of allocation, will be assumed to be the value of shares allotted at the time the allocation calculation is made. Implementation of this policy will be subject to the availability of funds to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70 per cent. of a particular VCT's portfolio in VCT qualifying holdings. This may mean that the Company may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.

If approved by Shareholders, the amended investment policy will allow the Company to invest uninvested funds in a wider range of instruments to achieve a higher rate of income return which may include instruments associated with higher risks. It is not, however, the Board's current intention to increase the level of risk associated with higher levels of income albeit having this authority.

PART III – LETTER FROM THE CHAIRMAN

THE INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 04069483)

Directors:

Colin Hook (Chairman)
Christopher Moore
Helen Sinclair

Registered Office:

One Vine Street
London
W1J 0AH

1 March 2010

Dear Shareholder

Recommended Proposals to merge the Share classes of the Company and make consequential amendments to the Articles, approve Revised Management and Administration Arrangements, amend the investment policy of the Company and renew and increase the authority to issue and buy-back Shares

Introduction

The Company was originally launched in 2000 and raised funds pursuant to an issue of Ordinary Shares. Approval from Shareholders was obtained in 2007 to create and issue S Shares, this fund being largely raised in 2008. It was agreed that the Company should raise this additional capital through a separate class of shares on the basis that it would be managed solely by Matrix Private Equity, unlike the then Ordinary Shares.

It was envisaged that the Ordinary Shares and S Shares would continue to be managed separately due to their then differing investment management mandates and arrangements. The Articles do not, therefore, contain provisions for the S Shares and Ordinary Shares to be merged. The two funds arising from the two Share classes have been managed separately from an internal accounting point of view, although the majority of Company, accounting and VCT tests and requirements have to be, and have been, met at Company level.

The Ordinary Shares fund was originally managed by multiple fund managers, including Matrix Private Equity, with each investment manager responsible for a proportion of the fund. In March 2009, Matrix Private Equity became the sole investment manager in respect of the Ordinary Shares fund (although it assumed responsibility for all of the Ordinary Share fund in October 2008 when the Board felt that, in light of those more difficult times, investments in the more risky early stage technology section should be curtailed and, as a result, Foresight Group's expertise in this area was no longer required and the management role of Matrix Private Equity was extended). As a result of Matrix Private Equity now being the sole investment manager of both the Ordinary Shares fund and S Shares fund, the investment policies of both classes have become aligned, thus reducing the original rationale to keep the Share classes separate. Separate share classes can result in additional annual expenses in relation to registrars, auditors and other fixed fees. The Board believes that it would, therefore, be in the interests of both the Shareholders and the Company to merge the Ordinary Shares and S Shares into one class of shares to achieve simplification and to reduce administrative and other costs.

The Board, together with Matrix Private Equity, have given some considerable thought as to what the management and administration fee arrangements should be post this Share Merger. This has been quite difficult in respect of the performance fee arrangements as these are different for each Share class. In addition, the administration services originally provided by Matrix-Securities are now provided by Matrix Private Equity following a re-organisation of the Matrix group structure. The resulting proposal is to replace the existing agreements with revised management, administration and performance incentive arrangements for Matrix Private Equity across the amalgamated Share class for simplicity. From the outset, the Board and Matrix Private Equity have agreed that remuneration is important in helping to recruit, retain and incentivise Matrix Private Equity's staff. At the same time, it was also agreed that Shareholders should, in principle, not be disadvantaged by the new management and performance incentive arrangements and this is what is being proposed.

The Board would also like to take the opportunity to amend the investment policy for the uninvested funds to provide additional flexibility for the Company. In addition, it is also proposed to renew and increase the Company's Share issue and buy-back authorities to be over the Share capital of the Company following the Share Merger rather than over the existing Share classes as well as make consequential amendments to the Articles.

The background and rationale for these Proposals are detailed below.

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

Benefits of the Share Merger

The original S Share class was launched in 2007. A separate class of shares was used as the S Shares fund was to be managed solely by Matrix Private Equity, unlike the then Ordinary Shares fund which was managed jointly with Foresight Group.

In March 2008, the Board announced that Matrix Private Equity was to assume responsibility from Foresight Group for the eleven investments it then managed on the Company's behalf in relation to the Ordinary Shares fund. Completion of this handover resulted in Matrix Private Equity becoming the sole investment manager for the Company in March 2009.

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

The benefits of a merger of the Share classes include:

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

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

Share Merger

The Share Merger will be effected as follows:

- proportion of the Ordinary Shares held by a Shareholder on 26 March 2010 (the Record Date) will be redesignated as S Shares, calculated by reference to the respective NAVs of each Share class as at 31 December 2009 (the Share Merger NAV Reference Date), adjusted for subsequent dividends declared but not paid (allocations will be rounded down to the nearest whole number);
- the residual balance of any Ordinary Shares held by a Shareholder which are not redesignated as S Shares will be redesignated as Deferred Shares having no economic value;
- the Deferred Shares will be bought back by the Company for an aggregate amount of 1p, such shares to be cancelled as issued and redesignated as New Ordinary Shares; and
- the S Shares (existing and those created in the above redesignations) will then be redesignated as New Ordinary Shares.

This Share Merger will result in the Company having one class of Shares, namely New Ordinary Shares. Shareholders who hold their existing Shares in certificated form will receive replacement certificates in respect of the New Ordinary Shares arising from the Share Merger and existing Share certificates in respect of Ordinary Shares and S Shares will no longer be valid. Shareholders who hold their Shares in CREST will have their revised holding of New Ordinary Shares credited to their CREST accounts.

Although the New Ordinary Shares arising from the redesignations already have a listing on the Official List and are admitted on the London Stock Exchange's market for listed securities, the London Stock Exchange require an amendment application in connection with the redesignations. Such amendments are expected to take place on 30 March 2010. The New Ordinary Shares will rank pari passu from the date the existing Shares are so redesignated pursuant to the Share Merger and may continue to be held in uncertificated form.

Whilst the Share Merger could be completed by reference to the audited NAVs as at 30 September 2009, the Board feel more up-to-date NAVs should be used and, therefore, the Share Merger NAV Reference Date will be 31 December 2009. The Board also considers it appropriate to adjust the unaudited NAVs as at 31 December 2009 to reflect (if approved by Shareholders at the Annual General Meeting) the dividends of 2.0p per Ordinary Share and 0.5p per S Share declared and to be paid following the Annual General Meeting.

Example:

As at 31 December 2009, the unaudited NAVs of the Ordinary Shares and S Shares (taken from the unaudited management accounts of the Company at 31 December 2009 and adjusted for the dividends of 2.0p per Ordinary Share and 0.5p per S Share as referred to above) were 70.2p and 92.63p respectively. Had the Share Merger been completed at that date, the conversion ratio into New Ordinary Shares would have been as follows:

	Ordinary Shares	S Shares
NAV per Share (A)	70.2p	92.63p
NAV per S Share (B)	92.63p	92.63p
Conversion ratio (A/B)	0.7579	1.0

The opening unaudited NAV of a New Ordinary Share would, therefore, have been 92.63p had the Share Merger been completed on 31 December 2009 (before costs of the Share Merger).

Revised Management and Administration Arrangements

Matrix Private Equity will continue to be the investment manager to the Company following the Share Merger on the revised terms (subject to Shareholder approval) as set out below. Further details on Matrix Private Equity are set out on page 22 of this document. In addition, Matrix Private Equity will take over the administration services from Matrix-Securities, reflecting the Matrix group re-organisation, on the revised terms set out below. The ongoing entitlement of Foresight Group to performance incentive fees in respect of the portfolio of the Ordinary Shares fund they previously managed will continue in its current form.

The current management and administration fees payable to Matrix Private Equity (as set out in further detail in paragraph 5.1 of Part IV of this document) are as follows:

- (i) In respect of the Ordinary Shares fund:
 - An annual management fee of 1.6 per cent. of the adjusted net assets of the Ordinary Shares fund (such fee represented approximately 2.23 per cent. of the actual net assets of the Ordinary Shares fund as at 30 September 2009).
 - An annual performance payment of 20 per cent. of any excess (over the investment growth hurdle) of realised Gains over realised Losses from the portfolio managed by Matrix Private Equity during each relevant Calculation Period, provided that:
 - at any Calculation Date, the Embedded Value is less than the value of the portfolio of assets managed by Matrix Private Equity contained in the audited accounts adjusted for net realised Gains and Losses and total Surplus Income since 30 June 2007 (“the High Watermark Test”); and
 - at any Calculation Date, such excess is calculated after carrying forward all realised Losses not previously offset in respect of any prior Calculation Period after 30 June 2007; and
 - such excess is subject to an investment growth hurdle of 6 per cent. p.a. calculated from 1 July 2007.

As new investments in the Ordinary Shares fund are completed by Matrix Private Equity, they are added into the calculation of the Embedded Value at cost.

Such performance incentive payment due will be payable, in such form (in cash or in the form of a share issue subscribed at nominal value calculated as the number of Ordinary Shares represented by dividing the amount of the payment due by the NAV of an Ordinary Share as at the date of payment) as agreed between Matrix Private Equity with the Company, annually by 31 January following the relevant Calculation Date.

The first Calculation Date was 30 September 2008 and is, thereafter, 30 September in each year. If a Calculation Period is longer or shorter than 12 months the investment growth hurdle will be pro rated accordingly.

“Calculation Period” means the relevant accounting period of the Company.

“Calculation Date” means the last day of the relevant accounting period of the Company.

“Embedded Value” means the value of the portfolio managed by Matrix Private Equity as at 30 June 2007 plus (i) the value as at 31 August 2007 of Nova Capital Management Limited’s investments which Matrix Private Equity agreed to provide investment services for and (ii) at cost, any further investments made in respect of the Ordinary Shares fund;

“Gains” will mean the realised excess over an individual investment’s valuation comprised in Embedded Value, received in cash and/or pre-completion dividend strips and/or bank-guaranteed loan notes during the relevant Calculation Period.

“Losses” will mean defined as the realised deficit below an individual investment’s valuation comprised in Embedded Value, received in cash and/or pre-completion dividend strips and/or bank-guaranteed loan notes during the relevant Calculation Period.

“Surplus Income” means the income received from investments less pro rata share of the annual expenses of the Ordinary Share fund (including trail commission but excluding performance incentive payments) but after the deduction of any taxation liabilities thereon.

Foresight Group has an identical performance incentive arrangement in respect for the portfolio within the Ordinary Shares fund it was previously responsible for managing which, following the termination of its appointment, reduces proportionally over time (ten years from termination). It is not, at present, expected that any payment will be required to be made under this continuing arrangement.

- An annual administration fee of 0.25 per cent. of the net asset value of the Ordinary Shares fund, plus VAT, payable quarterly in arrears, subject to a minimum fee of £35,000 and a maximum fee of £80,000 per annum and RPI increases (such fee represented approximately 0.44 per cent. of the actual net assets of the Ordinary Shares fund as at 30 September 2009).

(ii) In respect of the S Share fund:

- An annual management fee of 2 per cent. of the net assets of the S Share fund.
- A performance incentive fee of 20 per cent. of dividends paid out in each year in excess of 6p per S Share, provided that the net asset value per S Share is equal to or greater than £1.
- An annual administration fee of 0.3 per cent. of gross proceeds raised by the issue of S Shares, plus VAT and subject to RPI increases, payable quarterly in arrears (such fee represented approximately 0.36 per cent. of the actual net assets of the S Shares fund as at 30 September 2009).

The Board and Matrix Private Equity have considered the existing arrangements and how best to apply them to an amalgamated Share class in light of, in particular, the performance incentive arrangements being so different.

Both the Board and Matrix Private Equity agreed that the annual management fees across the two funds were, effectively on calculation, equivalent to 2.12 per cent. of net assets. In addition, the annual administration fee across the two funds was, effectively on calculation, equivalent to 0.42 per cent. of net assets.

With regard to the performance incentive arrangements, this is more difficult. Both the Board and Matrix Private Equity felt that the arrangement on the Ordinary Shares fund best motivated Matrix Private Equity and aligned their interests with Shareholders. It was also felt that, if the proposal for the performance incentive arrangement was to continue with the form of the Ordinary Shares fund, new S Share investments should be added to the calculation (but not existing investments, upon which Matrix Private Equity agreed to waive performance incentive fees). In addition, it was considered that there should be a “catch up” for the losses incurred by the S Share fund to date.

The proposal for the Revised Management and Administration Arrangements agreed between the Board and Matrix Private Equity following the Share Merger are, therefore, as follows:

- The existing management and administration arrangements be replaced with a new investment management agreement with Matrix Private Equity covering both management and administration services for an annual fee (inclusive of VAT, if any) of an amount equivalent to 2.4 per cent. of the net assets of the Company (one-sixth of which to be subject to a minimum of £130,000 and a maximum of £150,000, the remainder of such fee not being subject to any cap).

The new agreement will be on substantially the same terms as the existing S Share fund management and administration arrangements, subject to being supplemented by any material arrangements within the Ordinary Share fund management and administration arrangements and the appointment being on 12 months' notice (albeit there currently being an initial fixed period in respect of the S Share fund arrangements which has not expired). Matrix Private Equity has agreed to continue to meet the annual expenses of the Company in excess of the annual expenses cap (as currently provided under the deed set out in paragraph 5.1.7 of Part IV of this document) and this will also be provided for in the new agreement.

- The S Share fund performance incentive arrangement will be terminated.
- The performance incentive arrangement of the Ordinary Share fund shall continue but amended for Matrix Private Equity as follows:
 - new investments made by the Company following the Share Merger be added to the calculation in respect of 70 per cent. only (both in terms of cost for the Embedded Value and in terms of assessing Gains and Losses over and above the Embedded Value) - this being the current investment allocation between the Ordinary Shares fund and the S Shares fund (so that the revised performance incentive fee is as close to the application of the existing Ordinary Shares fund arrangement which would continue if the Share Merger was not being proposed); and
 - the High Watermark Test be amended to provide that the current losses as at 31 December 2009 of £811,430 on the existing S Shares fund investments need to be made up before any payment is due to Matrix Private Equity (this being achieved by including the existing S Shares fund deficit in the Embedded Value and in terms of assessing Gains and Losses over and above the Embedded Value).

The ongoing entitlement of Foresight Group to performance incentive fees in respect of the portfolio of the Ordinary Shares fund they previously managed will, as stated above, continue in its current form.

The Board believes that these arrangements (further details of which are set out in paragraph 5.2 in Part IV of this document) are the most appropriate for the Company at the current time and considers that they best achieve the principle of Shareholders not being disadvantaged. Shareholders should be aware that any future incentive payments will only crystallise in the event of a significant increase in the current value of the investment portfolio.

Matrix Private Equity, as the Company's investment manager, is regarded as a related party of the Company under the Listing Rules. Consequently, the proposed introduction of the Revised Management and Administration Arrangements with Matrix Private Equity in relation to the merged fund constitutes a related party transaction and, therefore, requires Shareholders' approval.

Amendment to the Investment Policy

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

Investment policy

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

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

The Company has a small legacy portfolio of investments in companies from its period prior to 30 September 2008, when it was a multi-manager VCT. This includes investments in early stage and technology companies and in companies quoted on the AiM or PLUS markets.

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

UK companies

The companies in which investments are made must have no more than £15 million in the case of the Ordinary Shares fund and £7 million in the case of the S Shares fund of gross assets at the time of investment to be classed as a VCT qualifying holding. (This figure varies between the two funds because of a change in tax legislation which applies to funds, including the S Shares fund, raised after 6 April 2006).

VCT regulation

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

Asset mix

The Company initially holds its funds in a portfolio of readily realisable interest-bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70 per cent. of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured using a significant proportion of loan stock (up to 70 per cent. of the total investment in each VCT qualifying company). Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £1 million at cost. No holding in any one company will represent more than 10 per cent. of the value of the Company's investments at the time of investment. Ongoing monitoring of each investment is carried out by Matrix Private Equity, generally through taking a seat on the board of each VCT qualifying company.

Co-investment

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

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

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

It is therefore proposed that the current policy relating to uninvested funds of uninvested funds being held in cash and lower risk money market funds be replaced with the following:

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

If approved by Shareholders, the amended investment policy will allow the Company to invest uninvested funds in a wider range of instruments to achieve a higher rate of income return which may include instruments associated with higher risks. It is not, however, the Board's current intention to increase the level of risk associated with higher levels of income albeit having this authority.

Share Issues and Buy-Backs

The Company proposes to renew its authorities to issue New Ordinary Shares (having disapplied pre-emption rights) following the Share Merger (i) up to an aggregate nominal value of £300,000 in connection with offer(s) for subscription, (ii) up to 10 per cent. of its enlarged issued New Ordinary Share capital in connection with the DRIS Scheme and (iii) up to 10 per cent. of its enlarged issued New Ordinary Share capital for other purposes including top-up offers. The Board will be considering whether to make an offer available later this year to raise further funds for the Company and the authority sought under (i) is for this purpose. The authority is being taken now to avoid further costs in convening a separate general meeting at a later date. Any material fundraising by the Company is intended to be at an offer price linked to NAV plus costs.

In addition, the Company proposes to renew its share buy-back authority to purchase up to 6,000,000 New Ordinary Shares (representing approximately 14.99% of the expected amalgamated share capital of the Company).

Articles

The Board proposes to amend its Articles in light of the Share Merger to:

- remove the provisions for Ordinary Shares and S Shares as separate classes; and
- provide for the rights attaching to the Deferred Shares.

Taxation

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

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

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

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

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

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

Extraordinary General Meeting

A notice convening an Extraordinary General Meeting of the Company to be held at 10.30 am on 26 March 2010 at One Vine Street, London W1J 0AH can be found on pages 24 to 27 of this document. At this meeting the following resolutions will be proposed:

Resolution 1

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

- Paragraph 1 of Resolution 1 will redesignate the relevant proportion of Ordinary Shares into S Shares and Deferred Shares by reference to the relative NAVs of the two Share classes;
- Paragraph 2 of Resolution 1 will redesignate all S Shares into New Ordinary Shares;
- Paragraph 3 of Resolution 1 will approve the amendment to the Articles to delete references to separate Share classes and provide for the rights attaching to the Deferred Shares;
- Paragraph 4 of Resolution 1 will authorise the Company to re-purchase the Deferred Shares;
- Paragraph 5 of Resolution 1 will approve the Revised Management and Administration Arrangements;
- Paragraph 6 of Resolution 1 will authorise the Directors pursuant to Section 551 CA 2006 to allot Shares in the Company up to an aggregate nominal value of £380,000 (representing 82.1 per cent. of the issued Share capital of the Company as at 26 February 2010, this being the latest practicable date prior to publication of this document) for the purpose set out in paragraph 7 of Resolution 1 (the authority conferred by paragraph 6 of Resolution 1 will expire on the fifth anniversary of the date of passing the resolution and will be in substitution for all existing authorities);
- Paragraph 7 of Resolution 1 will disapply pre-emption rights in respect of the allotment of equity securities (i) up to an aggregate nominal value of £300,000 in connection with offer(s) for subscription, (ii) up to 10 per cent. of its enlarged issued share capital as at close of business on 29 March 2010 in connection with the DRIS Scheme and (iii) up to 10 per cent. of its enlarged issued Share capital as at close of business on 29 March 2010, the proceeds of which may be used, in part or whole, to purchase the Company's own Shares in the market (the authority conferred by paragraph 7 of Resolution 1 will expire on the conclusion of the annual general meeting of the Company to be held in 2011 and will be in addition to existing authorities); and
- Paragraph 8 of Resolution 1 will authorise the Company to make market purchases of up to 6,000,000 Shares - any Shares bought back under this authority will be at such price determined by the Board, but in accordance with the Listing Rules, and may be cancelled or held in treasury as may be determined by the Board (the authority conferred by paragraph 8 of Resolution 1 will expire on the conclusion of the annual general meeting of the Company to be held in 2011 and will be in addition to existing authorities).

The resolution will be proposed as a special resolution requiring the approval of 75 per cent. of the votes cast at the meeting.

Resolution 2

Resolution 2 to be proposed will approve an amendment to the Company's investment policy in respect of the uninvested funds.

The resolution will be proposed as an ordinary resolution requiring the approval of more than 50 per cent. of the votes cast at the meeting.

Separate Class Meetings

Notices convening separate Class Meetings of the holders of Ordinary Shares and S Shares of the Company to be held at 10.40 am and 10.45 am respectively on 26 March 2010 can be found on pages 28 to 31 of this document. At these meetings resolutions will be proposed to approve the Resolutions to be proposed at the Extraordinary General Meeting and to consent to any variation of class rights resulting therefrom.

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

Recommendation

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

The Board, which has been so advised by BDO LLP, considers the Revised Management and Administration Arrangements to be fair and reasonable so far as the Shareholders of the Company are concerned. In providing its advice, BDO LLP has taken into account the Board's commercial assessment of the Revised Management and Administration Arrangements.

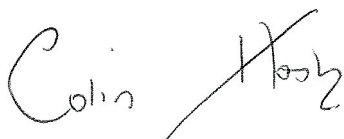
Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the Meetings as they intend to do in respect of their own beneficial shareholdings totalling 35,667 Ordinary Shares and 58,025 S Shares (representing 0.10 per cent. of the issued Ordinary Share capital of the Company, 0.49 per cent. of the issued S Share capital of the Company and 0.2 per cent. of the combined issued Share capital of the Company).

Matrix Private Equity is a related party of the Company under the Listing Rules and is interested in the Revised Management and Administration Arrangements. Matrix Private Equity does not itself hold any Shares and will not, therefore, be voting on the Resolutions to be proposed at the Meetings. It has also undertaken to take all reasonable steps to ensure that its members and associates do not vote on the Resolutions.

Action to be taken

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

Yours faithfully

A handwritten signature in black ink that reads "Colin Hook". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Colin Hook
Chairman

PART IV – ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 3.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital

2.1 As at 26 February 2010 (this being the latest practicable date prior to the publication of this document), the authorised and issued share capital of the Company was as follows:

	Authorised		Issued and fully paid	
	No. of Shares	£	No. of Shares	£
Ordinary Shares (1p each)	85,000,000	850,000	34,488,119	344,882
S Shares (1p each)	25,000,000	250,000	11,806,467	118,064
Total	110,000,000	1,100,000	46,294,586	462,946

2.2 As at 26 February 2010 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

3. Directors and their Interests

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

- Colin Peter Hook (Chairman)
- Christopher Mark Moore
- Helen Rachelle Sinclair

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

3.2 As at 26 February 2010 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families) in the issued Share capital of the Company were as follows:

	Ordinary Shares	S Shares	Total Shares	% of Share Capital
Colin Hook	11,889	21,100	32,989	0.071
Christopher Moore	23,778	26,375	50,153	0.108
Helen Sinclair	0	10,550	10,550	0.023

3.3 None of the Directors has a service agreement with the Company, nor are any such contracts proposed. The Directors were appointed under letters of appointment dated 13 October 2000 in respect of Colin Hook and Christopher Moore and 14 January 2003 in respect of Helen Sinclair. All appointments may be terminated on 3 months' notice. No arrangements have been entered into by the Company, entitling the Directors to compensation for loss of office. Colin Hook is entitled to annual fees of £41,000, whilst Helen Sinclair and Christopher Moore are entitled to annual fees of £31,000. Fees paid to the Directors in respect of the year ended 30 September 2009 were £103,000 and are expected to be the same for the current year.

- 3.4 Up until 28 September 2007, Christopher Moore was Chairman of, but remains a shareholder in, Oxonica plc ("Oxonica") in which the Company has invested £2,154,527 (total carrying value: £nil at 30 September 2009). He owns 0.21 per cent. of the equity of Oxonica. Additionally, it has been agreed that Christopher Moore will cede 128,972 options into ordinary shares of Oxonica out of his options pool. These options are subject to performance conditions and lock-in restrictions. The exercise price of the options is 45p. Oxonica ordinary shares are no longer listed on AiM.
- 3.5 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 30 September 2007, 2008 and 2009 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

4. Substantial Shareholders

As at 26 February 2010 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FSA, a holding of 3 per cent. or more must be notified to the Company).

5. Material Contracts

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

5.1.1 An investment services agreement dated 13 October 2000 between the Company (1), Foresight Group (formerly VCF Partners and as novated to Foresight Group) (this has been terminated and Matrix Private Equity have assumed responsibility for the portfolio originally managed by Foresight Group) (2); Nova Capital Management Limited (novated from LICA Development Capital Limited and now terminated) (3) and GLE Development Capital Limited (as novated to Matrix Private Equity) (4) (as novated, supplemented and terminated by various agreements between the parties dated 1 April 2002, 20 October 2006 and 7 September 2007) pursuant to which Matrix Private Equity is now appointed to provide advisory investment management services in respect of the Company's investments in VCT qualifying investments relating to the Ordinary Shares fund.

Matrix Private Equity is entitled to an annual management fee of 1.6 per cent. of the net asset value (adjusted) of the Company, payable quarterly in arrears, together with any applicable VAT. This fee may be reduced as provided for in the annual expenses agreement detailed in paragraph 5.1.7 below.

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

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

5.1.2 A performance incentive agreement dated 16 December 2008 (effective from 12 September 2007) between the Company (1) Foresight Group (2) and Matrix Private Equity (3) pursuant to which the Company granted to each of Matrix Private Equity and Foresight Group, the right to receive performance incentive payments in connection with the management of the Ordinary Shares fund.

Matrix Private Equity is entitled to receive an annual performance payment of 20 per cent. of any excess (over the investment growth hurdle detailed below) of realised Gains over realised Losses from its own portfolio during each relevant Calculation Period, provided that:

- at any Calculation Date, the Embedded Value is less than the value of portfolio assets managed by Matrix Private Equity contained in the audited accounts adjusted for net realised Gains and Losses and total Surplus Income since 30 June 2007; and
- at any Calculation Date, such excess is calculated after carrying forward all realised Losses not previously offset in respect of any prior Calculation Period after 30 June 2007; and
- such excess is subject to an investment growth hurdle of 6 per cent. p.a. calculated from 1 July 2007.

As new investments in the Ordinary Shares fund are completed by Matrix Private Equity, they are added into the calculation of the Embedded Value at cost.

Such performance incentive payment due will be payable, in such form (in cash or in the form of a share issue subscribed at nominal value calculated as the number of Ordinary Shares represented by dividing the amount of the payment due by the NAV of an Ordinary Share as at the date of payment) as agreed between Matrix Private Equity with the Company, annually by 31 January following the relevant Calculation Date.

The first Calculation Date was 30 September 2008 and is, thereafter, 30 September in each year. If a Calculation Period is longer or shorter than 12 months the investment growth hurdle will be pro rated accordingly.

“Calculation Period” means the relevant accounting period of the Company.

“Calculation Date” means the last day of the relevant accounting period of the Company.

“Embedded Value” means the value of the portfolio managed by Matrix Private Equity as at 30 June 2007 plus (i) the value as at 31 August 2007 of Nova Capital Management Limited’s investments which Matrix Private Equity agreed to provide investment services for and (ii) at cost, any further investments made in respect of the Ordinary Shares fund;

“Gains” will mean the realised excess over an individual investment’s valuation comprised in Embedded Value, received in cash and/or pre-completion dividend strips and/or bank-guaranteed loan notes during the relevant Calculation Period.

“Losses” will mean defined as the realised deficit below an individual investment’s valuation comprised in Embedded Value, received in cash and/or pre-completion dividend strips and/or bank-guaranteed loan notes during the relevant Calculation Period.

“Surplus Income” means the income received from investments less pro rata share of the annual expenses of the Ordinary Share fund (including trail commission but excluding performance incentive payments) but after the deduction of any taxation liabilities thereon.

Foresight Group has an identical performance incentive arrangement in respect of the portfolio within the Ordinary Shares fund it was previously responsible for managing which, following the termination of its appointment, reduces proportionally over the ten years following such termination.

- 5.1.3 A letter of engagement dated 13 October 2000 between the Company (1) and Matrix-Securities (2) (as varied by a deed of variation dated 12 September 2007) pursuant to which Matrix-Securities has agreed to provide company administration and company secretarial services to the Company in respect of the Ordinary Shares fund. An annual fee payable quarterly in arrears equal to 0.25 per cent. of the value of the net assets of the Ordinary Shares fund at the end of each quarter, subject to a minimum fee of £35,000 per annum and a maximum fee of £80,000 per annum (plus VAT as applicable and subject to annual increases in line with RPI). This fee may be reduced as provided for in the annual expenses agreement detailed in paragraph 5.1.7 below. The administration services originally provided by Matrix-Securities are now provided by Matrix Private Equity following a re-organisation of the Matrix group structure.

- 5.1.4 An investment management agreement dated 14 December 2007 between the Company (1) and Matrix Private Equity (2), under which Matrix Private Equity is appointed to provide advisory investment management services in respect of the Company's investments in VCT qualifying investments relating to the S Shares fund. The agreement is for an initial fixed term of three years and is terminable on one year's written notice given at any time after the expiration of two years.

Matrix Private Equity receives an annual management fee of 2 per cent. of the net asset value of the Company relating to the S Shares fund. The management fee is calculated quarterly and is payable quarterly in advance together with any applicable VAT. This fee may be reduced as provided for in the annual expenses agreement detailed in paragraph 5.1.7 below.

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

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

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

- 5.1.5 A performance incentive agreement dated 14 December 2007 between the Company (1) and Matrix Private Equity (2) pursuant to which the Company has granted to Matrix Private Equity the right to receive performance incentive fees. As from 1 October 2010, Matrix Private Equity will be entitled to receive a performance fee of 20 per cent. of the excess above 6p of the annual dividends paid to the holders of S Shares. The performance fee will only be payable if the mean NAV per S Share over the year relating to payment has remained at or above 100p. The performance fee will be payable annually, with any cumulative shortfalls below the 6p threshold from that date having to be made up in later years.

- 5.1.6 An agreement dated 14 December 2007 between the Company (1) and Matrix-Securities (2) to provide company accountancy, administration and secretarial services to the S Share Fund. Matrix Securities will receive an annual fee, payable quarterly in arrears, equivalent to 0.3 per cent of the aggregate amount raised under the Offer (plus any applicable VAT) and will be subject to annual increases in line with RPI. The appointment will be for an initial 3 year period which will be terminable by either side by giving not less than 12 months notice to expire at any time after the third anniversary of the agreement. This fee may be reduced as provided for in the annual expenses agreement detailed in paragraph 5.1.7 below. The administration services originally provided by Matrix-Securities are now provided by Matrix Private Equity following a re-organisation of the Matrix group structure.

- 5.1.7 An annual expenses deed dated 12 September 2007 between the Company (1), Matrix Private Equity (2), Foresight Group (as now terminated in respect of Foresight Group) (3) and Matrix-Securities (4) pursuant to which Matrix Private Equity and Matrix-Securities have agreed to meet the annual expenses of the Company over and above 3.25 per cent. of the net assets as at the end of each accounting period beginning on or after 1 October 2007 by way of a reduction of fees due to them in the following accounting period(s). For these purposes annual expenses include the normal running costs of the Company (including irrecoverable VAT but excluding annual trail commission and performance incentive payments). The amount of the excess is, following the administration services being provided by Matrix Private Equity in place of Matrix-Securities following a re-organisation of the Matrix group structure, borne in full by Matrix Private Equity.

- 5.2 The following contract will be entered into, subject to the approval by Shareholders of the Resolution 1 to be proposed at the Meetings and the Share Merger being completed:

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

- the investment management and administration agreements referred to at paragraphs 5.1.1, 5.1.3, 5.1.4, 5.1.6 and 5.1.7 above will be terminated (save that Matrix Private Equity will jointly and severally with Matrix-Securities assume full responsibility for liabilities, omission of duties and other claims arising under those agreements against them prior to termination);

- revised investment management and administration arrangements will apply, following the Share Merger, across the merged fund materially on the terms of the existing S Share fund management and administration arrangements, subject to being supplemented by any material arrangements within the Ordinary Share fund management and administration arrangements and the appointment being on 12 months' notice;
- and subject to a revised annual fee equivalent to:
 - 2.4 per cent. of net assets of the Company per annum (one-sixth of such fee being subject to a minimum of £130,000 and a maximum of £150,000, the remainder of such fee not being subject to any cap); and
 - the fees be subject to an annual expenses cap equivalent to that set out in the annual expenses deed referred to at paragraph 5.1.7 (such deed to be terminated).

5.2.2 A deed of termination and variation between the Company (1) and Matrix Private Equity (2) pursuant to which, following the Share Merger, the performance incentive agreement referred to at paragraph 5.1.5 will be terminated and performance incentive agreement referred to at paragraph 5.1.2 will be amended to reflect the following revised performance incentive fee arrangements for Matrix Private Equity only in respect of the merged fund as set out below:

- the agreement be amended to acknowledge the Share Merger and consequential amendments resulting therefrom;
- new investments made by the Company following the Share Merger be added to the calculation in respect of 70 per cent. only (both in terms of cost for the Embedded Value and in terms of assessing Realised Gains and Realised Losses over and above the Embedded Value); and
- the High Watermark Test be amended to include the existing S Shares fund investments (both at cost in the Embedded Value and in respect of assessing Realised Gains and Realised Losses the growth over and above the Embedded Value.

The ongoing entitlement of Foresight Group to performance incentive fees in respect of the portfolio of the Ordinary Shares fund they previously managed will, for the avoidance of doubt, not be affected and will continue in its current form.

6. Matrix Private Equity

- 6.1 Matrix Private Equity, created by a merger between GLE Development Capital Limited and Matrix Private Equity Limited is the private equity arm of Matrix Group and manages funds primarily through a range of VCTs raised from private investors. Total funds under management are circa £120 million across six funds with the portfolio of equity investments in companies currently numbering forty.
- 6.2 Matrix Private Equity specialises in backing management buy outs and takes a partnership approach to investing, working alongside ambitious, entrepreneurial management teams wishing to buy businesses. Equity investments, typically up to £7 million, are made in UK privately owned companies across a broad range of industries and sectors, helping entrepreneurial management teams to achieve substantial gains for all shareholders. Matrix Private Equity often works with a highly experienced operating partner who has direct management experience and a wide range of contacts. Matrix Private Equity is recognised as one of the most experienced teams and active investors in this segment of the private equity market.
- 6.3 Matrix Private Equity (telephone: 0203 206 7000) was incorporated and registered in England and Wales as a limited liability partnership on 27 June 2006. Matrix Private Equity's registered office and principal place of business is at One Vine Street, London W1J 0AH. Matrix Private Equity is authorized and regulated by the FSA to provide investment management services. The principal legislation under which Matrix Private Equity operates is the provisions of the Limited Liability Partnership Act 2000 and the relevant provisions of the CA 2006 (and regulations made thereunder).

7. General

- 7.1 The Company was incorporated and registered in England and Wales as a public company with limited liability on 6 September 2000 with registered number 04069483. The principal legislation under which

the Company operates is the Companies Act 2006 (and regulations made thereunder). The legal and commercial name of the Company is The Income & Growth VCT plc. The Company is domiciled in England.

- 7.2 Statutory accounts of the Company for the years ended 30 September 2007 and 2008 in respect of which the Company's auditors, PKF (UK) LLP, have made unqualified reports under Section 235 CA 1985, have been delivered to the Registrar of Companies and such reports did not contain any statements under Sections 237(2) or (3) CA 1985. Statutory accounts of the Company for the year ended 30 September 2009 in respect of which the Company's auditors, PKF (UK) LLP, have made unqualified reports under Section 495 CA 2006, will be delivered to the Registrar of Companies following the Annual General Meeting and such reports do not contain any statements under Section 495 to Section 497 CA 2006.
- 7.3 Save for the fees paid to Matrix Private Equity, Matrix-Securities and Foresight Group under the arrangements set out at paragraphs 5.1.1 to 5.1.7 and the fees paid to the Directors as detailed in paragraph 3.4 above, fees paid to Matrix-Securities in respect of promotion fees of £635,182 (2008) and fees paid to Matrix Corporate Capital LLP in respect of broker fees of £6,664 (2009) and approximately £3,900 (current year to date), there were no related party transactions or fees paid during the years ended 30 September 2007, 2008 and 2009 or to date in the current financial year.
- 7.4 The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since incorporation which may have, or have had in the recent past, significant effects on the Company and/or its financial position or profitability.
- 7.5 There has been no significant change in the financial or trading position of the Company since 30 September 2009, the date to which the last audited financial statements of the Company have been published.
- 7.6 BDO LLP has given and not withdrawn its written consent to the issue of this document and the inclusion of its name and the references to it in this document in the form and context in which they appear.

8. Documents Available for Inspection

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

- 8.1 the memorandum and articles of association of the Company;
- 8.2 the audited report and accounts of the Company for the financial years ended 30 September 2007, 2008 and 2009;
- 8.3 the material contracts referred to in paragraph 5 above (the contracts referred to at paragraph 5.2.1 and 5.2.2 being subject to non-material amendment);
- 8.4 the consent letter referred to at paragraph 7.6 above; and
- 8.5 this document.

1 March 2010

THE INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 04069483)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of The Income & Growth VCT plc ("the Company") will be held at 10.30 am on 26 March 2010 at One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolutions, which will be proposed, in the case of Resolution 1, as a special resolution and, in the case of Resolution 2, as an ordinary resolution:

Special Resolution

1. That, subject to the passing of the resolutions to be proposed at the separate meetings of the holders of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") and the holders of S Shares of 1p each in the capital of the Company ("S Shares") convened for 10.40 am and 10.45 am respectively, on the Effective Date;
 - 1.1 in respect of each holder of Ordinary Shares, such number of Ordinary Shares as is represented by X (rounded down to the nearest whole number) in the following formula, be and hereby are redesignated as S Shares in the capital of the Company, the balance being redesignated as deferred shares of 1p each in the capital of the Company ("Deferred Shares") having the rights and restrictions set out in the articles of association as amended pursuant to paragraph 1.3 below:

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

Where:

Effective Date is 29 March 2010;

N is the number of Ordinary Shares held as at close of business on 26 March 2010;

O NAV is the unaudited NAV (subject to adjustment for subsequent dividends declared but not paid) of an Ordinary Share as at close of business on 31 December 2009; and

S NAV is the unaudited NAV (subject to adjustment for subsequent dividends declared but not paid) of a S Share as at close of business on 31 December 2009;

- 1.2 each of the issued and unissued S Shares be and hereby is redesignated as an ordinary share of 1p in the capital of the Company ("New Ordinary Shares") having the rights and restrictions set out in the articles of association as amended pursuant to paragraph 1.3 below;
- 1.3 the articles of association be and hereby are amended as follows:
 - 1.3.1 by:
 - (i) article 5 being deleted and replaced with the following new article:

"Rights Attaching to Share Classes

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

1.3.2 the insertion of the following as article 5A:

“5A Deferred Shares

5A.1 Notwithstanding the provisions of these Articles, the deferred shares of 1p each (“Deferred Shares”) shall:

5A.1.1 carry the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable on the ordinary shares at the rate of 1p per annum to be paid amongst the holders of Deferred Shares as a class but confer no other right to a dividend;

5A.1.2 not confer any right to receive notice of, or to attend or vote, at general meetings;

5A.1.3 on a winding up confer a preferential right to be paid out of the assets of the Company available for distribution an amount equal to 1p (in aggregate) in respect of all Deferred Shares then in issue prior to the surplus being distributed to the holders of other shares in the capital of the Company, but do not confer any other right to participate in any surplus assets of the Company; and

5A.1.4 be, in respect of those in issue at the relevant time, capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purposes the Directors may authorise any person to execute on behalf of and as attorney for the holders of Deferred Shares an appropriate contract and may deliver it or them on their behalf) and each Deferred Share so purchased and then unissued shall thereafter be redesignated as a Share without any further resolution or consent.

5A.2 These Articles shall, following the purchase of Deferred Shares and the redesignation of Deferred Shares to Shares in accordance with Article 5A.1.4, be automatically amended to delete any references to such Deferred Shares.

5A.3 the Company shall not be obliged to:

5A.3.1 issue share certificates in respect of the Deferred Shares;

5A.3.2 give any prior notice to the holders of Deferred Shares that such shares are to be purchased in accordance with Article 5A.1.4; or

5A.3.3 account to any holder of Deferred Shares for the purchase monies in respect of such shares.”;

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

1.5 the Revised Management and Administration Arrangements as defined (and of which details are set out) in the circular to shareholders dated 1 March 2010 with Matrix Private Equity Partners LLP be and hereby are approved;

1.6 in substitution for all subsisting authorities to the extent unused, the directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (“the Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £380,000 during the period commencing on the passing of this resolution and expiring on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that the authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry.

- 1.7 in addition to existing authorities, the directors be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph 1.6 of this resolution or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment or sale, provided that the power provided by this paragraph 1.7 shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 and provided further that this power shall be limited to:
- 1.7.1 the allotment and issue of equity securities up to an aggregate nominal value representing £300,000 in connection with offer(s) for subscription;
- 1.7.2 the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital as at close of business on 29 March 2010 in connection with any dividend investment scheme operated by the Company;
- 1.7.3 the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital as at close of business on 29 March 2010, where the proceeds may in whole or part be used to purchase shares; and
- 1.8 in addition to existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the Act of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
- 1.8.1 the aggregate number of shares which may be purchased shall not exceed 6,000,000;
- 1.8.2 the minimum price which may be paid per share is 1p, the nominal value thereof;
- 1.8.3 the maximum price which may be paid per share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation per share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
- 1.8.4 the authority conferred by this paragraph 1.8 shall expire on the conclusion of the annual general meeting of the Company to be held in 2011 unless such authority is renewed prior to such time; and
- 1.8.5 the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares.

Ordinary Resolution

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

Dated 1 March 2010

By order of the Board

Matrix-Securities Limited
Secretary

Registered Office:

One Vine Street
London
W1J 0AH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting. The contract to purchase Deferred Shares referred to in paragraph 1.3 of the Resolution will be on display at the Company's registered office and available for inspection from the date of this notice and at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 24 March 2010 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is attached to this document. To be valid, it should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 10.30 am on 24 March 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received not later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
6. As at 26 February 2010 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 34,488,119 Ordinary Shares and 11,806,467 S Shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 26 February 2010 was 46,294,586.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006.

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30 am on 24 March 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
14. Further information regarding the meeting is available on the Company's website, www.incomeandgrowthvct.co.uk

THE INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 04069483)

NOTICE OF ORDINARY SHARE CLASS MEETING

Notice is hereby given that a meeting of the holders of ordinary shares of 1p each ("Ordinary Shares") in the capital of The Income & Growth VCT plc ("the Company") will be held at 10.40 am on 24 March 2010 (or as soon thereafter as the extraordinary general meeting of the Company convened for 10.30 am on that day has been concluded) at One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

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

- (a) the passing and carrying into effect as a special resolution of the Company, Resolution 1 set out in the notice of extraordinary general meeting of the Company convened for 10.30 am on 26 March 2010 (a copy of which is produced to the meeting signed by the chairman for the purposes of identification); and
- (b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of such resolution notwithstanding that such resolution may affect the right and privileges attached to such Ordinary Shares.

Dated 1 March 2010

By order of the Board

Matrix-Securities Limited
Secretary

Registered Office:

One Vine Street
London
W1J 0AH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 24 March 2010 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is attached to this document. To be valid, it should be lodged with the Company's registrar, Capita Registrars, so as to be received not later than 10.40 am on 24 March 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
6. As at 26 February 2010 (being the last business day prior to the publication of this notice), the Company had 34,488,119 Ordinary Shares in issue carrying one vote each. Therefore, the total Ordinary Share voting rights in the Company as at 26 February 2010 was 34,488,119.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006

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

8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. Notice is hereby further given that the necessary quorum for the above meeting shall be the holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 9.30 am on 29 March 2010 to be held at One Vine Street, London W1J 0AH and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.
12. The directors reserve the right to withdraw the resolution to be proposed at the meeting if the resolution to be proposed at the extraordinary general meeting of the Company to be held at 10.30 am on 26 March 2010 is not passed.
13. Further information regarding the meeting is available on the Company's website, www.incomeandgrowthvct.co.uk

THE INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 04069483)

NOTICE OF S SHARE CLASS MEETING

Notice is hereby given that a meeting of the holders of S shares of 1p each ("S Shares") in the capital of The Income & Growth VCT plc ("the Company") will be held at 10.45 am on 26 March 2010 (or as soon thereafter as the separate meeting of the holders of Ordinary Shares of 1p each in the capital of the Company convened for 10.40 am on that day has been concluded) at One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

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

- (a) the passing and carrying into effect as a special resolution of the Company, Resolution 1 set out in the notice of extraordinary general meeting of the Company convened for 10.30 am on 26 March 2010 (a copy of which is produced to the meeting signed by the chairman for the purposes of identification); and
- (b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the S Shares which will, or may, result from the passing and carrying into effect of such resolution notwithstanding that such resolution may affect the right and privileges attached to such S Shares.

Dated 1 March 2010

By order of the Board

Matrix-Securities Limited
Secretary

Registered Office:

One Vine Street
London
W1J 0AH

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 5.00 pm on 24 March 2010 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A reply paid form of proxy is attached to this document. To be valid, it should be lodged with the Company's registrar, Capita Registrars Limited, so as to be received not later than 10.45 am on 24 March 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU
6. As at 26 February 2010 (being the last business day prior to the publication of this notice), the Company had 11,806,467 S Shares in issue carrying one vote each. Therefore, the total S Share voting rights in the Company as at 26 February 2010 was 11,806,467.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006.

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

8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company
9. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
10. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. Notice is hereby further given that the necessary quorum for the above meeting shall be the holders of S Shares present in person or by proxy holding not less than one-third of the paid up S Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 9.35 am on 29 March 2010 to be held at One Vine Street, London W1J 0AH and at such adjourned meeting the holders of S Shares present in person or by proxy shall be a quorum regardless of the number of S Shares held.
12. The directors reserve the right to withdraw the resolution to be proposed at the meeting if the resolution to be proposed at the extraordinary general meeting of the Company and/or the resolution to be proposed at the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company to be held at 10.30 am and 10.40 am respectively on 26 March 2010 are not passed.
13. Further information regarding the meeting is available on the Company's website, www.incomeandgrowthvct.co.uk

FORM OF PROXY - EXTRAORDINARY GENERAL MEETING

For use at the Extraordinary General Meeting of The Income & Growth VCT plc ("the Company") to be held at One Vine Street, London W1J 0AH at 10.30 am on 26 March 2010.

I/We

(Block Capitals Please)

of.....

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

.....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at One Vine Street, London W1J 0AH at 10.30 am on 26 March 2010 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

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

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

The proxy is directed to vote as follows:

		For	Against	Vote Withheld
1	Special Resolution Composite resolution for the approval of: <ul style="list-style-type: none"> • the Share Merger (including consequential amendments to the Articles and repurchase of deferred shares); • renew and increase share allotment and buy-back authorities; and • the Revised Management and Administration Arrangements with Matrix Private Equity LLP. 			
2	Ordinary Resolution Amendment to the investment policy in respect of the uninvested funds held by the Company			

Signature Dated2010

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 1 March 2010. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.

3

FORM OF PROXY - ORDINARY SHARE CLASS MEETING

For use at the separate meeting ("Ordinary Share Class Meeting") of the holders of ordinary shares of 1p each ("Ordinary Shares") in the capital of The Income & Growth VCT plc ("the Company") to be held at One Vine Street, London W1J 0AH at 10.40 am on 26 March 2010.

I/We

(Block Capitals Please)

of.....

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

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the Ordinary Share Class Meeting to be held at One Vine Street, London W1J 0AH at 10.40 am on 26 March 2010 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

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

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

The proxy is directed to vote as follows:

Extraordinary Resolution	For	Against	Vote Withheld
Approval of the Resolution 1 to be proposed at the extraordinary general meeting of the Company to be held on 26 March 2010 and variation of class rights resulting therefrom			

Signature Dated2010

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 1 March 2010. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.

8

FORM OF PROXY - S SHARE CLASS MEETING

For use at the separate meeting ("S Share Class Meeting") of the holders of S ordinary shares of 1p each ("S Shares") in the capital of The Income & Growth VCT plc ("the Company") to be held at One Vine Street, London W1J 0AH at 10.45 am on 26 March 2010.

I/We

(Block Capitals Please)

of.....

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

.....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the S Share Class Meeting to be held at One Vine Street, London W1J 0AH at 10.45 am on 26 March 2010 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

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

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

The proxy is directed to vote as follows:

Extraordinary Resolution	For	Against	Vote Withheld
Approval of the Resolution 1 to be proposed at the extraordinary general meeting of the Company to be held on 26 March 2010 and variation of class rights resulting therefrom			

Signature Dated2010

Notes:

- The notice of the meeting is set out in the circular to shareholders of the Company dated 1 March 2010. Definitions used in the circular apply herein.
- If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Capita Registrars between 8.30 am and 5.30 pm (GMT) Monday to Friday on telephone number 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars helpline (0871 664 0321) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the Capita Registrars helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the Proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- Any alterations to the form should be initialled.
- If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (or, if using your own envelope, FREEPOST RSBH-XKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting or adjournment as the case may be.
- The completion of this form will not preclude you from attending the meeting and voting in person.



