

INGENIOUS ENTERTAINMENT VCT 1 PLC

(incorporated in England & Wales under the Companies Act 1985 with registered number 6395011)

INGENIOUS ENTERTAINMENT VCT 2 PLC

(incorporated in England & Wales under the Companies Act 1985 with registered number 6395025)

CIRCULAR TO SHAREHOLDERS

General Meetings relating to the recommended proposals for the joint offer for subscription of 'D' Shares to raise up to £10 million, in aggregate (£5 million for each Company), (together with an over-allotment facility of up to a further £10 million, in aggregate (£5 million for each Company)), amendments to the Articles, approval of offer agreement and variation to management agreements

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK ADVICE FROM YOUR BANK MANAGER, STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000. If you have sold or transferred all your Ordinary Shares or 'C' Ordinary Shares in Ingenious Entertainment VCT 1 plc or Ingenious Entertainment VCT 2 plc you should send this document immediately to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Your attention is drawn to the letter from the Chairman of each Company set out on pages 3 to 8 of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the General Meetings.

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EXPECTED TIMETABLE

Latest time and date for receipt of forms of proxy for the Shareholders of Entertainment 1 General Meeting	3.00 pm on 14 December 2009
Latest time and date for receipt of forms of proxy for the Shareholders of Entertainment 2 General Meeting	3.15 pm on 14 December 2009
Entertainment 1 General Meeting	3.00 pm on 16 December 2009
Entertainment 2 General Meeting	3.15 pm on 16 December 2009

INGENIOUS ENTERTAINMENT VCT 1 PLC

(incorporated in England & Wales under the Companies Act 1985 with registered number 6395011)

Notice of a General Meeting of all Shareholders of the Company to be held at 3.00 pm at 15 Golden Square, London W1F 9JG on 16 December 2009 is set out at the end of this document.

Directors: David Munns (Chairman), Patrick McKenna and Keith Turner

Registered Office: 15 Golden Square, London, W1F 9JG

INGENIOUS ENTERTAINMENT VCT 2 PLC

(incorporated in England & Wales under the Companies Act 1985 with registered number 6395025)

Notice of a General Meeting of all Shareholders of the Company to be held at 3.15 pm at 15 Golden Square, London W1F 9JG on 16 December 2009 is set out at the end of this document.

Directors: Bob Storer (Chairman), Patrick McKenna and Lionel Martin

Registered Office: 15 Golden Square, London, W1F 9JG

To be valid, Forms of Proxy for use at the General Meetings must be completed and returned so as to be received at the offices of the Companies' registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, or electronically at ingenious@davidvenus.com not later than 48 hours before the date of the relevant meeting. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the relevant meeting should you wish to do so.

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PART 1 - CHAIRMEN'S LETTER

The purpose of this document is to explain and seek Shareholders' approval for the authorities to enable the proposed Offer for Subscription of 'D' Shares to raise up to £10 million, in aggregate, (£5 million for each Company) (together with an over-allotment facility of up to a further £10 million, in aggregate) (£5 million for each Company) to be made and to allow related amendments to this and arising from changes in the Companies Act 2006, to be made to the Companies' articles of association.

1. Introduction

The Companies were successfully launched in November 2007 raising a combined amount of £20 million through an offer for subscription of Ordinary Shares. A further successful 'C' Share offer was made by both Companies in September 2008, raising in excess of £5 million. The net proceeds of the Ordinary Share offer and the 'C' Share offer are invested by the Manager in interest bearing money market open ended investment companies and will remain so until required for VCT qualifying investment purposes, in accordance with each Company's investment policy. The Directors and the Manager now wish to increase the funds available to the Companies. This will enable the Companies to make more investments and allow them to spread their fixed costs over a larger asset base which will result in economies of scale that should ultimately increase their profitability for the benefit of all Shareholders.

The Directors therefore propose to launch a new offer for subscription to raise up to £10 million of further funds through the issue of up to 5,000,000 'D' Shares in Entertainment 1 and up to 5,000,000 'D' Shares in Entertainment 2, together with an over-allotment facility to raise up to an additional £10 million through the issue of up to a further 5,000,000 'D' Shares in each Company if there is sufficient demand from Investors.

The money raised from the Offer will form a separate pool of capital in each Company that will invest alongside new investments made out of funds raised from the Ordinary Share offer and the 'C' Share offer.

The subscription lists for the Offer will open at 8.00 am on 17 November 2009. The Offer will close at 3.00 pm on 3 April 2010, or earlier if fully subscribed, save that the Directors reserve the right to extend the closing date of the Offer until 3.00 pm on 30 July 2010 at their absolute discretion. Further details of the Offer and the 'D' Shares are given in paragraph 2 below.

Shareholder Approval

Shareholder approval is required to enable the Offer to proceed and this includes the need to create the 'D' Shares, grant the Directors authority to allot 'D' Shares, dis-apply Shareholders' pre-emption rights, amend the articles of association of the Companies to include the rights attaching to the 'D' Shares and make appropriate amendments arising from changes the Act and associated legislation that came into force on 1 October 2009, authorise the Companies to cancel the share premium account created on the issue of the 'D' Shares, and buy-back 'D' Shares in the market. The Boards also propose to amend the Articles to extend the date on which each class of Shareholders vote as to whether the Companies should continue as venture capital trusts.

The Resolutions, upon which Shareholders are asked to vote at the General Meetings, are summarised in paragraph 4 of this Part 1 below and are set out in full in the Notices on pages 14 to 19.

INGENIOUS ENTERTAINMENT VCT 1 & 2

2. Further Details of the Offer and the 'D' Shares

The Offer

The raising of further funds by way of the Offer is intended to create the following benefits:

- the fixed overheads of the Companies will be attributable to a larger investment portfolio which may reduce the total expense ratio, depending on the amount of funds raised under the Offer;
- existing Ordinary Shareholders' interests respectively in the Ordinary Share Fund and 'C' Shareholders' interests in the 'C' Share Fund will not be diluted and they will continue to be entitled to all of the benefits which may arise from the success of respectively the Ordinary Share Fund and the 'C' Share Fund, including any dividends which the Directors may decide to pay respectively from the Ordinary Share Fund and the 'C' Share Fund; and
- existing Shareholders and new Investors will have the opportunity to place further funds under the management of a proven and successful team.

The subscription list for the Offer will open at 8.00 am on 17 November 2009. The Offer will close at 3.00 pm on 3 April 2010 or earlier if fully subscribed, provided that the Offer may be extended to 3.00 pm on 31 July 2010 or such earlier date after 3 April 2010 on which the Directors may resolve to close the Offer. 'D' Shares subscribed for in respect of the 2009/2010 tax year will be allotted between 1 January 2010 (at the earliest) and 3 April 2010 (at the latest). In the event that the Offer is extended, 'D' Shares subscribed for in respect of the 2010/2011 tax year will be allotted between 6 April 2010 (at the earliest) and 6 August 2010 (at the latest). Subject to the foregoing, the Directors may allot 'D' Shares at such times throughout the period of the Offer and in such amounts as they deem, at their absolute discretion, to be appropriate.

The 'D' Shares

Other than as specified in the paragraph below, the 'D' Shares will rank *pari passu* and have the same rights as the Ordinary Shares and the 'C' Shares, as set out in the Articles (as amended by Resolution 6 to be proposed at the General Meetings). The 'D' Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

The holders of the 'D' Shares will be entitled:

- to vote at meetings of the Companies in the same way as existing Shareholders; each class of Shareholders has to approve separately certain matters, including to issue further Shares at less than net asset value, to vary any of the special rights attached to the relevant class of Shares or to change the Companies' investment policy;
- to receive dividends declared on income received from and realised profits arising on investments funded from the 'D' Share Fund; and
- (in the event that the Companies are wound-up) to receive those assets (less those liabilities) attributable to the 'D' Share Fund.

Application will be made for the 'D' Shares to be admitted to the Official List of the UK Listing Authority and to trading on London Stock Exchange plc's main market for listed securities within 10 Business Days of allotment.

HM Revenue & Customs has granted each Company provisional approval as a VCT under section 274 of the Taxes Act and has confirmed that, following the Offer, the Companies will retain such provisional approval. The issue of 'D' Shares should not prejudice the Companies' ability to satisfy the conditions for approval as a VCT under section 274 of the Taxes Act as the relevant tests do not need to be satisfied in relation to the proceeds of a new issue of shares until the start of the financial year which falls no later than the third anniversary of the date on which they are issued.

Co-Investment Policy

In addition to the Companies, Ingenious Ventures manages other private equity funds, including Ingenious Live VCT 1 plc and Ingenious Live VCT 2 plc. This provides the Companies with the potential opportunity to invest alongside these funds, enabling them to gain access to larger investments in more substantial companies than would be possible if Ingenious Ventures managed just one VCT.

The co-investment policy for the 'D' Share Fund will be the same as for the Ordinary Share Fund and the 'C' Share Fund. The Manager will ensure that any suitable investment opportunities are allocated fairly between the 'D' Share Fund, 'C' Share Fund and the Ordinary Share Fund as well as between the Companies and other clients of the Ingenious Group and/or the Manager, in accordance with the conflicts and independence policies of the Ingenious Group from time to time. For example, the Manager may prioritise a particular venture capital trust client in order to ensure that it meets applicable qualification requirements under venture capital trust legislation. Where the Companies intend to invest in a company in which one or more of the other venture capital trusts that are managed by Ingenious Ventures has already invested or intends to invest, the investment will be approved by the Directors who are independent of the Manager unless the investment is made either at the same time and on the same terms or in accordance with a pre-existing agreement between the Companies and the Manager.

Dividend Policy

The Companies will seek to maximise distributions to Shareholders where possible in order to enable Shareholders to benefit from tax-free dividends. It is the Companies' policy to distribute available cash from revenue or capital profits received from its investments to Shareholders, subject to the availability of distributable reserves.

Accordingly, where possible, interim and final dividends may be paid in each year but the level and frequency may vary depending both on the amount of income received from investments and on whether capital realisations have been made.

Liquidity and 'D' Share Buy-Back

The Manager intends to provide liquidity from the Companies to enable Shareholders to realise their investment after five years should they wish to do so.

The Directors consider that the Companies should have the ability to buy-back their Shares in the market in order to create additional liquidity for Shareholders. The Act provides that public companies may do so out of distributable profits or out of the proceeds of a fresh issue of shares made for the purposes of such purchase.

Accordingly, subject to Court approval, each Company intends to cancel its share premium account created on the issue of the 'D' Shares within 12 months of the date on which the Offer finally closes and to establish a new special reserve which may be used to finance 'D' Share buy-backs. Each Company also intends to cancel the existing share premium account created on the issue of the 'C' Shares. Shareholder approval will be required to cancel the 'D' Share share premium account and to authorise the Companies to make market purchases of the 'D' Shares.

Having established the special reserve, the Companies will operate a discount policy for re-purchasing Shares which will be determined by the Boards from time to time at their discretion. Any Shares bought back by the Companies will be cancelled.

3. Revised Management and Performance Incentive Arrangements

Ingenious Ventures has agreed to act as the exclusive discretionary manager of the Companies' portfolios of investments, to assume responsibility for their continuous management and to provide certain administrative services to the Companies under the terms of management agreements dated 19 November 2007 (novated to the Manager on 28 February 2008). These agreements provide that Ingenious Ventures is entitled to an annual management fee, administration fee and performance incentive fee payable in relation to the Ordinary Share Fund. Following the 'C' Share offer these arrangements were revised, in order to reflect the management and administration of the 'C' Share Fund by Ingenious Ventures. These revised arrangements were effected by way of Deeds of Variation of the management agreements between each Company and Ingenious Ventures on 19 September 2008.

The Boards and Ingenious Ventures have now agreed to revise these arrangements further, in order to reflect the management and administration of the 'D' Share Fund by Ingenious Ventures. These revised arrangements are set out in the Deeds of Variation between each Company and Ingenious Ventures, which were entered into on 11 November 2009, further details of which are set out on page 9. The Deeds of Variation will not have a material effect on the Companies' earnings, assets or liabilities. The annual management fee and performance incentive arrangements relating to the 'D' Share Fund are substantially the same as the existing arrangements relating to the Ordinary Share Fund and the 'C' Share Fund, except that the dates from which the performance incentive fee is payable are different.

Annual Management Fee

The Manager will receive an annual management fee in relation to its management of the 'D' Share Fund equal to 1.75% per annum of the aggregate net asset value attributable to each Company's 'D' Shares (plus VAT), payable quarterly in advance.

Performance Incentive Fee

In line with normal venture capital trust practice, the Manager will also be entitled to receive a performance related incentive fee of 20% of cumulative distributions in excess of £1.05 per 'D' Share paid by each of the Companies, in order to align its interests as closely as possible with those of the Investors, in particular by incentivising the Manager to generate significant tax-free payments to Investors and to encourage and reward exceptional performance.

Administration Fee

The fees payable by each Company to the Manager for performing administrative duties for the Companies will be increased from £35,525 to £53,025 per annum (plus VAT), payable quarterly in arrears, to cover the administrative services it will provide in relation to the 'D' Share Fund.

4. Explanation of the Resolutions for the General Meetings

Resolution 1 – To create a class of 'D' Shares (special resolution)

Resolution 1 will, if passed, approve the creation of a class of 'D' Shares with rights to be set out in the Revised Articles.

Resolution 2 – Authority for the Boards to allot shares (ordinary resolution)

Resolution 2 will, if passed, give each Board authority to allot up to 10,000,000 'D' Shares in their Company, such authority expiring 5 years after the date of this resolution. The Boards intend to exercise this authority to allot the 'D' Shares to be issued pursuant to the Offer. Neither Company holds any treasury shares.

Resolution 3 – Disapplication of statutory pre-emption rights (special resolution)

Resolution 3 will, if passed, disapply the statutory pre-emption rights contained in Section 561(1) of the Act, allowing each Company to allot relevant securities for cash in connection with (i) the allotment of a maximum of 10,000,000 'D' Shares (representing 76.8% of each Company's current issued share capital) pursuant to the Offer; (ii) an offer of securities by way of rights and (iii) the allotment of up to an aggregate nominal amount of 10% of the issued 'D' Share capital of each Company following the close of the Offer. This power will expire 5 years after the date of this resolution. The Resolution provides that the disapplication of pre-emption rights authorised at the general meetings of each Company held on 11 October 2007 and on 22 October 2008 will remain in force after the passing of this resolution as they relate to Ordinary Shares and 'C' Shares.

Resolution 4 – Reduction of share premium account (special resolution)

Resolution 4 will, if passed, subject to the approval of the High Court of Justice, generally and unconditionally authorise each Company to cancel its share premium account to be created on the issue of 'D' Shares.

Resolution 5 – Authority for the Boards to make market purchases (special resolution)

Resolution 5 will, if passed, authorise each Board to make one or more market purchases of 'D' Shares of up to 14.99% of the issued 'D' Share capital of their Company following the close of the Offer. The price paid must not be less than 1p per 'D' Share or more than 5% above the average middle market price of a 'D' Share for the preceding five business days. The authority, unless renewed or revoked prior to such time will expire on the earlier of 18 months from the passing of this resolution and the conclusion of the Companies' next annual general meeting. There are no warrants or options to subscribe for Shares outstanding. The Resolution provides that the authorisations of market purchases granted at the general meetings of each Company held on 11 October 2007 and 22 October 2008 will remain in force after the passing of this resolution as they relate to Ordinary Shares and 'C' Shares.

Resolution 6 – Alter the articles of association of each Company (special resolution)

Resolution 6 will, if passed, amend the current articles of association of each Company to:

- incorporate the rights of the 'D' Shares, further details of which are set out on page 2;
- amend article 43 of the Articles to extend the date on which Shareholders will vote as to whether their Company should continue as a venture capital trust from the fifth annual general meeting to the tenth annual general meeting, so that their Company continues as a VCT for a sufficient duration to enable investors under the Offer to retain the benefits of the tax reliefs available to VCTs and to include new provisions to enable the Company to operate conflicts of interest regime; and
- make amendments consequential to the Act coming into full force.

The Revised Articles are available for inspection until the close of the Offer at the offices of Howard Kennedy, 19 Cavendish Square, London, W1A 2AW and will be available at 15 Golden Square, London, W1F 9TG for at least 15 minutes prior to and during the General Meetings.

5. Shareholder Approvals and Action to be Taken

You will find at the end of this document notices convening General Meetings of Shareholders of the Companies on 16 December 2009 at 15 Golden Square, London, W1F 9JG, at 3.00 pm for the Shareholders of Entertainment 1 and at 3.15 pm for the Shareholders of Entertainment 2. At the General Meetings, ordinary resolutions, requiring the approval of more than 50% of the votes cast, will be proposed to pass Resolution 2 and special resolutions, requiring the approval of not less than 75% of the votes cast, will be proposed to pass Resolutions 1, and 3 to 6. A detailed explanation of each of the Resolutions to be put to the General Meetings is set out in paragraph 4 above and the Resolutions are set out in full in the Notices attached at the end of this document.

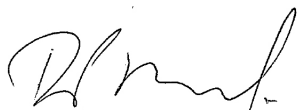
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You will find enclosed with this circular Forms of Proxy for use at the General Meetings. You are asked to complete and return them to the Companies' registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, or electronically at ingenious@davidvenus.com so as to be received as soon as possible, and in any event to arrive not later than 3.00 pm on at 14 December 2009 in respect of the General Meeting for the Shareholders of Entertainment 1, and not later than 3.15 pm on 14 December 2009 in respect of the General Meeting for the Shareholders of Entertainment 2. Completion and return of the Forms of Proxy will not affect your right to attend and vote at the meetings should you wish to do so.

6. Recommendations

Each Board considers that the Offer and the Resolutions are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole.

Accordingly, the Board of each Company recommends the Ordinary Shareholders of their Company to vote in favour of the Resolutions, as the directors intend to do in respect of their own beneficial shareholdings totalling 707,625 Ordinary Shares in the case of Entertainment 1 and 100,000 'C' Shares (representing 6.20% of the issued share capital of Entertainment 1) and 712,750 Ordinary Shares and 100,000 'C' Shares in the case of Entertainment 2 (representing 6.24% of the issued share capital of Entertainment 2).



David Munns
Chairman
Ingenious Entertainment VCT 1 plc



Bob Storer
Chairman
Ingenious Entertainment VCT 2 plc

16 November 2009

PART 2 - ADDITIONAL INFORMATION

1. Material Contracts

A summary of (i) each material contract, other than contracts entered into in the ordinary course of business, to which each Company is a party, for the two years immediately preceding publication of this document and (ii) any other contract (not being a contract entered into in the ordinary course of business) entered into by either Company which contains any provision under which the Companies have any obligation or entitlement which is material to them as at the date of this document, are set out below:

1.1 Offer Agreements

An offer agreement dated 19 November 2007 between the Companies, Ingenious Investments, Ingenious Ventures Limited, and Howard Kennedy whereby Howard Kennedy agreed to act as sponsor to the Ordinary Share offer launched in November 2007 and Ingenious Investments agreed to act as promoter of such offer. The Companies gave customary representations and warranties and indemnities to Howard Kennedy.

The Companies agreed to pay Ingenious Investments an arrangement fee of 5.5% of the gross proceeds of the Ordinary Share offer received by each Company. Ingenious Investments agreed that, out of this arrangement fee, it would pay all of the direct and indirect costs and expenses arising out of such offer during the period thereof. This arrangement fee was chargeable 20% against revenue and 80% against the capital reserves of the Companies.

An offer agreement (as varied) dated 20 September 2008 between the Companies, Ingenious Investments, Ingenious Asset Management Limited, and Howard Kennedy whereby Howard Kennedy agreed to act as sponsor to the 'C' Share offer launched in September 2008 and Ingenious Investments agreed to act as promoter of such offer. The Companies gave customary representations and warranties and indemnities to Howard Kennedy.

The Companies agreed to pay Ingenious Investments an arrangement fee of 5.5% of the gross proceeds of the 'C' Share offer received by each Company. Ingenious Investments agreed that, out of this arrangement fee, it would pay all of the direct and indirect costs and expenses arising out of such offer during the period thereof. This arrangement fee was chargeable 20% against revenue and 80% against the capital reserves of the Companies.

1.2 Management Agreements

Management agreements (the "Management Agreements") dated 19 November 2007 between Entertainment 1 and Ingenious Ventures Limited and, separately, Entertainment 2 and Ingenious Ventures Limited, whereby Ingenious Ventures Limited agreed to act as the exclusive discretionary manager of the Companies' portfolios, assume responsibility for the continuous management of the their portfolios of investments and provide certain administrative services to the Companies. The Management Agreements were novated to the Manager on 28 February 2008, as set out at paragraph 1.4 below.

The Management Agreements were varied and restated by way of deeds of variation on 19 September 2008 so as to extend the rights and obligations of the Manager to the 'C' Share Fund.

Each agreement (as novated) provides for the Manager to be paid:

- an annual portfolio management fee of 1.75% of the Company's net asset value, plus VAT, payable quarterly in advance;
- a performance-related incentive fee equal to 20% of cumulative distributions paid to Ordinary Shareholders in excess of £1.05 per Ordinary Share at relevant reference dates;

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- a performance-related incentive fee equal to 20% of cumulative distributions paid to 'C' Shareholders in excess of £1.05 per 'C' Share at relevant reference dates; and
- an annual administration fee of £35,000, plus VAT (adjusted annually in line with inflation).

Each Management Agreement is for a minimum period of six years from the first allotment of Ordinary Shares in relation to the management of the Ordinary Share Fund and for a minimum period of six years from the first allotment of 'C' Shares in relation to the management of the 'C' Share Fund, and is terminable by the Manager or the relevant Company at any time thereafter if such parties agree in writing or by one year's prior written notice and is subject to earlier termination if the parties agree in writing or (i) by either the Manager or the relevant Company if the other party commits a material breach of the Management Agreement; (ii) by the relevant Company if it ceases to be a venture capital trust for tax purposes during the initial term of the agreement; (iii) by the relevant Company if the Manager ceases to be authorised to carry on investment business; (iv) by either the Manager or the relevant Company if an insolvency event occurs in relation to the other party; or (v) by the relevant Company if the Manager commits an act of fraud, wilful misconduct, bad faith or negligence.

Each Management Agreement provides that the Manager is not liable for loss or damage unless such loss or damage arises directly from the negligence, wilful default or fraud of the Manager or a delegate which is an associate of the Manager. Each Management Agreement contains an indemnity granted by the relevant Company in favour of the Manager or any delegate which is an associate of the Manager against any costs, loss, liability or expense suffered or incurred by the Manager other than due to its wilful default, negligence or fraud.

Each Management Agreement has been varied by the Deed of Variation dated 11 November 2009 as described in paragraph 1.5 below.

1.3 Directors' Letters of Appointment

Letters of appointment dated 19 November 2007 between each Company and each of its Directors (other than Lionel Martin who was appointed by letter dated 16 September 2009) pursuant to which each has been appointed for an initial term of six years unless otherwise terminated earlier by, and at the discretion of, either party upon one month's notice. Continuation of each Director's appointment is contingent upon, amongst other things, satisfactory performance and re-election at forthcoming annual general meetings of the relevant Company. The Directors will be paid a fee of £15,000 gross per annum, save for Patrick McKenna who will be paid £7,500 gross per annum by each Company and will be reimbursed for all reasonable and properly documented expenses incurred in performing his duties (including any professional advice required by a director in the furtherance of his duties).

The letters of appointment do not provide for any compensation or benefits upon termination of appointment. The letters provide an indemnity in favour of the Directors for certain liabilities that they may be incurred as Directors. Each Company may also fund professional fees and expenses incurred by the Directors in defending criminal and civil proceedings in certain circumstances.

1.4 Deeds of Novation

Deeds of novation to the Management Agreements dated 28 February 2008, between Entertainment 1, Ingenious Ventures Limited and the Manager and, separately, Entertainment 2, Ingenious Ventures Limited and the Manager, whereby the Management Agreements were novated from Ingenious Ventures Limited to the Manager.

1.5 Deeds of Variation

Deeds of variation to the Management Agreements (the “Deeds of Variation”) dated 11 November 2009, between Entertainment 1 and the Manager and, separately, Entertainment 2 and the Manager, whereby the relevant Management Agreement was varied so as to extend the rights and obligations of the Manager to the ‘D’ Share Fund.

The Manager will be paid the annual management and performance incentive fees and expenses as described on pages 7 and 8 above in relation to the funds raised by the Offer plus any irrecoverable input tax associated with the performance of the management services. The annual administration fee payable to the Manager for the provision of administrative services has been increased from £35,525, to £53,025 to cover the administrative services required in relation to the ‘D’ Share Fund plus any irrecoverable input tax associated with the provision of the administrative services.

1.6 Offer Agreement

An offer agreement dated 11 November 2009, between the Companies, the Manager, Ingenious Investments and Howard Kennedy whereby Howard Kennedy has agreed to act as sponsor to the Offer and Ingenious Investments has agreed to act as promoter of the Offer. The Companies have given customary representations and warranties and indemnities to Howard Kennedy. Howard Kennedy may terminate the agreement at any time prior to Admission if it becomes aware of any material breach of warranty prior to Admission.

The Companies have agreed to pay Ingenious Investments an arrangement fee of 5.5% of the gross proceeds of the Offer received by each Company. Ingenious Investments has agreed that, out of this arrangement fee, it will pay all of the direct and indirect costs and expenses arising out of the Offer during the period thereof. This arrangement fee is chargeable 20% against revenue and 80% against the capital reserves of the Companies.

2. Directors

2.1 The Directors named below and their respective immediate families hold the following number of Ordinary Shares as at 13 November 2009 (the latest practicable date prior to publication of this document):

Director	Number and Class of Shares
Entertainment 1	
David Munns	Nil
Patrick McKenna	702,500 Ordinary Shares* and 100,000 ‘C’ Shares
Keith Turner	5,125 Ordinary Shares
Entertainment 2	
Bob Storer	10,250 Ordinary Share
Patrick McKenna	702,500 Ordinary Shares* and 100,000 ‘C’ Shares
Lionel Martin	Nil

*(including 100,000 Ordinary Shares held by Margaret McKenna and 500,000 Ordinary Shares held by Ingenious Media Limited)

2.2 Each Director has entered into an agreement with the Company of which is he a director whereby he is required to devote such time to the affairs of that Company as the Board reasonably requires consistent with his role as a non-executive director. The agreements are terminable on one month’s notice either side. Each Director is currently entitled to receive the following annual fee as listed below. No benefits are payable on termination. None of the Directors has entered into any service contract with either Company.

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- 2.3 Directors' fees paid and due to each of the Directors in respect of the period ended 30 June 2009 are as follows:

Entertainment 1

David Munns	£15,000
Patrick McKenna	£7,500
Keith Turner	£15,000
Total	£37,500

Entertainment 2

Bob Storer	£15,000
Patrick McKenna	£7,500
Lionel Martin	NIL
Denise O'Donogue (resigned 16 September 2009)	£15,000
Total	£37,500

- 2.4 Save as disclosed in paragraph 2.1 of this Part 2, none of the Director or their connected persons have any interests (whether beneficial or otherwise) in the issued share capital of the Companies.
- 2.5 Save as disclosed in paragraph 1 of this Part 2, none of the Directors is or has been interested in any transaction with either Company which was or is unusual in its nature or conditions or significant to the Companies which was effected by either Company since incorporation and remains in any respect outstanding or unperformed.

3. General

- 3.1 Each Company was incorporated in England and Wales as a public company with limited liability. The principal legislation under which each Company operates is the Act. Each Company's registered office and principal place of business are at 15 Golden Square, London, W1F 9JG (telephone number: 0207 319 4000).
- 3.2 As at the date of this document Cazenove Capital Management Limited is the registered holder of 17.17% of the issued share capital of each Company and Ingenious Media Limited is the registered holder of 5.32% of the issued share capital of each Company. As far as is known to each Company, no other person, who is not a member of that Company's administrative, management or supervisory bodies, directly or indirectly has an interest in the capital or voting rights of that Company which is notifiable under the Disclosure and Transparency Rules of the FSA as at the date of this document or who will have such an interest immediately following Admission.
- 3.3 There has been no significant change in the financial or trading position of each Company which has occurred since 30 June 2009, the date to which the most recent published audited financial information of each Company was made up.
- 3.4 Each Company entered into the Management Agreement (as amended), Deeds of Variation, letters of appointment and Offer Agreements (as amended) detailed in paragraph 1 above. Apart from the agreements referred to in this paragraph, neither Company is a party to any related party transactions for the purposes of Annex I, Item 19 to the Prospectus Directive Regulations, set out in Appendix 3.1 of the Prospectus Rules.
- 3.5 The Manager of each Company is Ingenious Ventures, the trading name of the venture capital arm of Ingenious Asset Management Limited, a specialist media investment and advisory business. The Ingenious Group has an extensive "footprint" across the UK media sector from both its investment and advisory activities, having

raised in excess of £5 billion of funds for investment in film, TV, games, music, live events and other media and entertainment assets and operates a number of specialist funds across the media sector.

The Manager's investment team is comprised of the following individuals who combine venture capital investment disciplines with in-depth investment, financing, consulting and operational management experience gained across the media and entertainment sector:

Patrick McKenna (53)

Patrick is one of the leading figures in the creative industries and is the founder and Chief Executive of Ingenious Media. He started his career in the accountancy profession and was a Partner in Deloitte before becoming Chairman and Chief Executive of The Really Useful Group.

Patrick is currently Chairman of the Young Vic Theatre, Hat Trick Productions and Stage Three Music and is a trustee of the British Council and NESTA. He is also a member of the Film Business Academy Board, part of the Cass Business School and is actively engaged with the evaluation and selection of media projects proposed for funding by the investment vehicles operated by the Ingenious Group.

Duncan Reid (51)

Duncan qualified as a chartered accountant at Deloitte & Touche, where he worked as a tax specialist in the media and entertainment group. In 1990, he joined Patrick McKenna at The Really Useful Group and became Finance Director of the Really Useful Theatre Company where he was responsible for the financial performance of the group's concerts and arena tours. In 1997 he became chief financial officer of Nottingham Forest Football Club, prior to the football club's flotation. Duncan joined the Ingenious Media group in 1998. In addition to his role as head of Ingenious Investments, Duncan is the Ingenious Group's Commercial Director where he has overseen the investment of £5 billion in specialist media funds.

Paul Bedford (52)

Paul qualified as a chartered accountant in 1981 specialising in the entertainment field. Paul moved into commerce in 1988, being appointed financial controller of the SPZ Group which comprised recording (ZTT Records), music publishing (Perfect Songs), studio and equipment hire (Sarm Studios), producer management and theatrical interests. He was rapidly appointed to the role of Finance Director and the Group enjoyed commercial success with the likes of Seal, Gabrielle and Mark Morrison. Paul joined Ingenious in 2000 and has been responsible for providing specialist financial solutions for rapidly growing entities in the music sector, such as Simon Fuller's 19 Entertainment Limited. Paul is a member of the investment team for the music and live event VCTs managed by Ingenious Ventures.

Patrick Bradley (49)

Before joining Ingenious Media, Patrick had spent over ten years in senior operating positions within major media companies including Polygram, Universal Pictures, @ Entertainment and UPC Media. He was also General Counsel to media investment company Ilchester Investments, a media investment company co-founded by Alain Levy and David Munns. Patrick's particular focus has been on the investment and management of Ingenious Ventures LP and, more recently, Ingenious Media Active Capital Limited as a member of the Manager's investment team and the investment team for the music and live event VCTs. Patrick is a non-executive director Stage Three Music (which is an investee company of Ingenious Ventures LP).

4. Documents Available for Inspection

- (i) Revised Articles of Association; and
- (ii) the material contracts referred to in paragraph 1 of this Part 2.

Dated: 16 November 2009

PART 3 - DEFINITIONS

Act

The Companies Act 2006 (as amended from time to time) and legislation derived therefrom.

Admission

Admission of the 'D' Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities.

Articles

The articles of association of each Company (as amended from time to time).

'C' Shares

'C' shares of 1 pence each in the capital of the Companies.

'C' Shareholder

A holder of 'C' Shares.

'C' Share Fund

The assets of each Company attributable to the 'C' Shares.

Company or Companies

Each of Entertainment 1 and/or Entertainment 2, as the context requires.

'D' Shares

'D' shares of 1 pence each in the capital of the Companies.

'D' Share Fund

The assets of each Company attributable to the 'D' Shares.

Deeds of Variation

As described in paragraph of 1.5 of Part 2 of this document.

Directors or Board

The board of directors of each Company.

Entertainment 1

Ingenious Entertainment VCT 1 plc.

Entertainment 2

Ingenious Entertainment VCT 2 plc.

Form of Proxy

The forms of proxy for use in connection with the General Meetings at the end of this document.

General Meetings

The general meetings of all the Shareholders of the Companies to be held on 16 December 2009.

Ingenious Group

Ingenious Media Holdings plc and its subsidiaries.

Ingenious Investments

Ingenious Media Investments Limited.

Investor(s)

An individual aged 18 or over who is resident in the United Kingdom who subscribes for shares in the Offer.

Management Agreements

As described in in paragraph of 1.2 of Part 2 of this document.

Manager or Ingenious Ventures

Ingenious Ventures, the trading name of the venture capital arm of Ingenious Asset Management Limited (a wholly owned subsidiary of the Ingenious Group).

Notices

The notices of the General Meetings set out on pages 16 to 19 of this document.

Offer

The offer for subscription of up to 5,000,000 'D' Shares in each Company, totalling up to 10,000,000 'D' Shares, in aggregate, also including an over-allotment facility of up to a further 5,000,000 'D' Shares in each Company totalling up to a further 10,000,000 'D' Shares, in aggregate each Company, totalling up to 10,000,000 'D' Shares, in aggregate, also including an over-allotment facility of up to a further 5,000,000 'D' Shares in each Company totalling up to a further 10,000,000 'D' Shares, in aggregate.

Offer Agreement

As described in paragraph of 1.1 of Part 2 of this document.

Ordinary Shares

Ordinary shares of 1 pence each in the capital of the Companies.

Ordinary Shareholder

A holder of the Ordinary Shares.

Ordinary Share Fund

The assets of each Company attributable to the Ordinary Shares.

Prospectus

The proposed prospectus to be issued by the Companies in respect of the Offer on 16 November 2009, in accordance with Section 84 of the Financial Services and Markets Act 2000.

Resolutions

The resolutions to be proposed at the General Meetings as set out in the Notices.

Revised Articles

The amended articles of association of each Company which are to be presented for approval at the General Meetings.

Shareholder

A holder of Ordinary Shares and/or 'C' Shares and/or 'D' Shareholder (as the context permits).

Shares

Ordinary Shares and/or 'C' Shares and/or 'D' Shares (as the context permits).

UK Listing Authority

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

VCT

A company approved by HM Revenue & Customs as a venture capital trust.

INGENIOUS ENTERTAINMENT VCT 1 PLC

(Incorporated in England and Wales (Registered Number 6395011))

NOTICE OF MEETING OF SHAREHOLDERS

Notice is hereby given that a General Meeting of Shareholders of Ingenious Entertainment VCT 1 plc will be held at 3.00 pm on 16 December 2009 at 15 Golden Square, London, W1F 9JG for the purpose of considering and, if thought fit, passing resolution 2 below as an ordinary resolution and resolutions 1 and 3 to 6 below as special resolutions of the Company:

Special Resolution

- (1) THAT a class of 'D' ordinary shares of 1p each in the capital of the Company ("D' Shares") shall and are hereby created, each having attached thereto the rights and being subject to the restrictions set out in the articles of association of the Company as amended by resolution 6;

Ordinary Resolution

- (2) THAT, the Directors be and are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the "Act"), to allot 'D' Shares up to a maximum nominal amount of £200,000 and to such persons and upon such conditions as the Directors may determine, such authority to expire on 15 December 2014 but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority.

Special Resolutions

- (3) THAT, the Directors be and are hereby empowered (pursuant to section 571(1) of the Act) to allot (or make offers of agreements to allot) equity securities (as defined in section 560 of the Act (as amended) for cash as if section 561(1) of the Act did not apply to the allotment. This power is limited to the allotment of equity securities in connection with:
 - (a) the proposed offer to the public for subscription (including an over-allotment facility) of up to 10,000,000 'D' Shares at an issue price of 100p per share payable in full upon subscription (the "Offer");
 - (b) an offer for securities by way of rights to the holders of 'D' Shares and other persons entitled to participate therein for cash in proportion (as nearly as may be) to the holders of such 'D' Shares; and
 - (c) otherwise than pursuant to (a) and (b) above, up to 10% of the issued 'D' Share capital of the Company from time to time:

and shall expire on 15 December 2014 save that the Company may before that expiry make offers or agreements which would or might require equity securities to be allotted after that expiry and the Directors may allot equity securities in pursuance of those offers or agreements as if the power conferred by that resolution had not expired. For the purposes of this resolution, the expression "equity securities" and references to the allotment of equity securities shall respectively have the meanings given to them in section 560 of the Act (as amended). The power and authority conferred by this resolution shall be in substitution for all previous authorities save for that conferred by resolution 3 passed at the general meeting of the Company held on 11 October 2007 and the general meeting of the Company held on 22 October 2008.

- (4) THAT, subject to the approval of the High Court of Justice, the Company be generally and unconditionally authorised to cancel its share premium accounts created on the issue of 'D' Shares.

INGENIOUS ENTERTAINMENT VCT 1 & 2

- (5) THAT, the Company be and is hereby generally and unconditionally authorised pursuant to section 693 of the Act to make one or more market purchases (as defined in section 693 of the Act) of 'D' Shares on such terms and in such manner as the Directors may determine provided that:
- (a) such market purchases shall comply with UK Listing Authority and HM Revenue & Customs requirements;
 - (b) the aggregate maximum number of 'D' Shares authorised to be purchased shall not exceed 14.99% of the issued 'D' Share capital of Company following the close of the Offer;
 - (c) the price paid shall not be:
 - (iii) less than 1p per 'D' Share;
 - (iv) more than 5% above the average of the middle market prices shown in the quotations for a 'D' Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase of the 'D' Share,the maximum and minimum prices being exclusive of expenses (including stamp duty); and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 18 months from the passing of the resolution and the conclusion of the Company's next annual general meeting. The Company may, before the expiry of such authority, conclude contracts to purchase 'D' Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of 'D' Shares in pursuance of any such contracts as if the authority conferred had not expired. The power and authority conferred by this resolution shall be in substitution for all previous authorities save for those conferred by resolutions 1 passed at the general meetings of the Company held on 11 October 2007 and 22 October 2008.
- (6) THAT, the articles of association of the Company be amended (i) to reflect the creation of the 'D' Shares, and the rights and restrictions to be attached thereto, (ii) to include new provisions consequential to the provisions of the Companies Act 2006 coming into force and (iii) to extend the date on which shareholders vote as to whether the Company should continue as a venture capital trust by five years in each case as set out in the amended articles of association produced to the meeting and, for the purpose of identification, initialled by the Chairman.

Dated: 16 November 2009

Registered Office:
15 Golden Square
London, W1F 9JG

By order of the Board,
Sarah Cruickshank
Company Secretary
Ingenious Entertainment VCT 1 plc

Information regarding the General Meeting, including the information required by section 311A of the Companies Act 2006 (the "Act"), is available from www.ingeniousvcts.co.uk.

Notes:

- (i) Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote provided instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (viii) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

INGENIOUS ENTERTAINMENT VCT 1 & 2

- (ii) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to SLC Registrars, Thames House, Portsmouth Road Esher, Surrey, KT10 9AD or electronically at ingenious@davidvenus.com, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (iii) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to SLC Registrars, Thames House, Portsmouth Road Esher, Surrey, KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - by sending an e-mail to ingenious@davidvenus.com.
- In either case, the revocation notice must be received by SLC Registrars before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (iv) directly below, the proxy appointment will remain valid.
- (iv) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (v) A copy of the amended Articles of Association (marked up to show the proposed changes) are available for inspection until the close of the Offer at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW and will be available at 15 Golden Square, London, W1F 9TG for at least 15 minutes prior to and during the General Meetings.
- (vi) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered Register of Members of the Company as at 3.00 pm on 14 December 2009 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting shall be entitled to attend and vote at said General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 3.00 pm on 14 December 2009 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (vii) As at close of business on 13 November 2009 the Company's issued share capital comprised of Ordinary Shares, and 'C' Shares. The total number of voting rights in the Company as at close of business on 13 November 2009. As at close of business on 13 November 2009 the Company's issued share capital comprised of 10,205,011 Ordinary Shares, and 2,810,596 'C' Shares. The total number of voting rights in the Company as at close of business on 13 November 2009 was is was 13,015,607. The website referred to above will include information on the number of shares and voting rights.
- (viii) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (ix) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- (x) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (xi) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (xii) Except as provided above, members who have general queries about the General Meeting should write to the Company Secretary at the registered office set out above.
- (xiii) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairmen's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

INGENIOUS ENTERTAINMENT VCT 2 PLC

(Incorporated in England and Wales (Registered Number 6395025))

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a General Meeting of Shareholders of Ingenious Entertainment VCT 2 plc will be held at 3.15 pm am on 16 December 2009 at 15 Golden Square, London, W1F 9JG for the purpose of considering and, if thought fit, passing resolution 2 below as an ordinary resolution and resolutions 1 and 3 to 6 below as special resolutions of the Company:

Special Resolution

- (1) THAT a class of 'D' ordinary shares of 1p each in the capital of the Company ("D' Shares") shall and are hereby created, each having attached thereto the rights and being subject to the restrictions set out in the articles of association of the Company as amended by resolution 6;

Ordinary Resolution

- (2) THAT, the Directors be and are hereby generally and unconditionally authorised, in accordance with section 551 of the Act (the "Act"), to allot 'D' Shares up to a maximum nominal amount of £200,000 and to such persons and upon such conditions as the Directors may determine, such authority to expire on 15 December 2014 but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority;

Special Resolutions

- (3) THAT, the Directors be and are hereby empowered (pursuant to section 571(1) of the Act) to allot (or make offers of agreements to allot) equity securities (as defined in section 560 of the Act) for cash as if section 561(1) of the Act did not apply to the allotment. This power is limited to the allotment of equity securities in connection with:
 - (a) the proposed offer to the public for subscription (including an over-allotment facility) of up to 10,000,000 'D' Shares at an issue price of 100p per share payable in full upon subscription (the "Offer");
 - (b) an offer for securities by way of rights to the holders of 'D' Shares and other persons entitled to participate therein for cash in proportion (as nearly as may be) to the holders of such 'D' Shares; and
 - (c) otherwise than pursuant to (a) and (b) above, up to 10% of the issued 'D' Share capital of the Company from time to time,

and shall expire on 15 December 2014 save that the Company may before that expiry make offers or agreements which would or might require equity securities to be allotted after that expiry and the Directors may allot equity securities in pursuance of those offers or agreements as if the power conferred by that resolution had not expired. For the purposes of this resolution, the expression "equity securities" and references to the allotment of equity securities shall respectively have the meanings given to them in section 560 of the Act. The power and authority conferred by this resolution shall be in substitution for all previous authorities save for that conferred by resolution 3 passed at the general meeting of the Company held on 11 October 2007 and the general meeting of the Company held on 22 October 2008;

- (4) THAT, subject to the approval of the High Court of Justice, the Company be generally and unconditionally authorised to cancel its share premium account created on the issue of 'D' Shares;

INGENIOUS ENTERTAINMENT VCT 1 & 2

- (5) THAT, the Company be and is hereby generally and unconditionally authorised pursuant to section 701(8) of the Act to make one or more market purchases (as defined in section 693 of the Act) of 'D' Shares on such terms and in such manner as the Directors may determine provided that:
- (a) such market purchases shall comply with UK Listing Authority and HM Revenue & Customs requirements;
 - (b) the aggregate maximum number of 'D' Shares authorised to be purchased shall not exceed 14.99% of the issued 'D' Share capital of Company following the close of the Offer;
 - (c) the price paid shall not be:
 - (xiv) less than 1p per 'D' Share;
 - (xv) more than 5% above the average of the middle market prices shown in the quotations for a 'D' Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase of the 'D' Share;the maximum and minimum prices being exclusive of expenses (including stamp duty); and
 - (d) this authority, unless renewed or revoked prior to such time shall expire on the earlier of 18 months from the passing of the resolution and the conclusion of the Company's next annual general meeting. The Company may, before the expiry of such authority, conclude contracts to purchase 'D' Shares which will or may be completed wholly or partly after the expiry of such authority and may make purchases of 'D' Shares in pursuance of any such contracts as if the authority conferred had not expired. The power and authority conferred by this resolution shall be in substitution for all previous authorities save for those conferred by resolution 1 passed at the general meeting of the Company held on 11 October 2007 and 22 October 2008;
- (6) THAT, the articles of association of the Company be amended (i) to reflect the creation of the 'D' Shares and the rights and restrictions to be attached thereto, (ii) to include new provisions consequential to the Companies Act 2006 coming into force and (iii) to extend the date on which shareholders vote as to whether the Company should continue as a venture capital trust by five years, in each case as set out in the amended articles of association produced to the meeting and, for the purpose of identification, initialled by the Chairman.

Dated: 16 November 2009

Registered Office:
15 Golden Square
London, W1F 9JG

By order of the Board,
Sarah Cruickshank
Company Secretary
Ingenious Entertainment VCT 2 plc

Information regarding the General Meeting, including the information required by section 311A of the Companies Act 2006 (the "Act"), is available from www.ingeniousvcts.co.uk.

Notes:

- (i) Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (viii.) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

INGENIOUS ENTERTAINMENT VCT 1 & 2

- (ii) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to SLC Registrars, Thames House, Portsmouth Road Esher, Surrey, KT10 9AD or electronically at ingenious@davidvenus.com, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (iii) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to SLC Registrars, Thames House, Portsmouth Road Esher, Surrey, KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - by sending an e-mail to ingenious@davidvenus.com.
- In either case, the revocation notice must be received by SLC Registrars before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (iv) directly below, the proxy appointment will remain valid.
- (iv) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (v) A copy of the amended Articles of Association (marked up to show the proposed changes) are available for inspection until the close of the Offer at the offices of Howard Kennedy, 19 Cavendish Square, London, W1A 2AW and will be available at 15 Golden Square, London, W1F 9TG for at least 15 minutes prior to and during the General Meetings.
- (vi) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 3.15 pm on 14 December 2009 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 3.15 pm on 14 December 2009 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (vii) As at close of business on 13 November 2009 the Company's issued share capital comprised of 10,205,011 Ordinary Shares, and 2,810,596 'C' Shares. The total number of voting rights in the Company as at close of business on 13 November 2009 is 13,015,607. The website referred to above will include information on the number of shares and voting rights.
- (viii) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (ix) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (x) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (xi) Except as provided above, members who have general queries about the General Meeting should write to the Chairman at the registered office set out above.
- (xii) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

INGENIOUS ENTERTAINMENT VCT 1 & 2

FORMS OF PROXY FOR MEETINGS OF SHAREHOLDERS

[SEE NEXT PAGE]

INGENIOUS ENTERTAINMENT VCT 1 PLC

PROXY FOR GENERAL MEETING OF SHAREHOLDERS

I/We

of (address)

being a member/members of the Company hereby appoint the Chairman of the meeting, or

of (address)

as my/our proxy to vote on my/our behalf at the General Meeting of Shareholders of the Company to be held at 3.00 pm on 16 December 2009 at 15 Golden Square, London, W1F 9JG and at any adjournment thereof (see note 1).

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

The proxy is directed to vote on the resolutions set out in the notice convening the General Meeting of Shareholders, resolution 1 of which is proposed as an ordinary resolution and resolutions 3 to 6 as special resolutions, as follows:

Special Resolution	For	Against	Withheld
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(1) To create a class of 'D' Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Ordinary Resolution

(2) To authorise the Directors to allot relevant securities under Section 550(1) of the Companies Act 2006.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Special Resolution

(3) To authorise the Directors pursuant to Section 571 of the Companies Act 2006 to allot equity securities for cash without regard to pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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(4) To cancel the share premium account to be created upon the issue of 'D' Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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(5) To authorise the Company make market purchases of 'D' Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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(6) To amend the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Signed

Dated

INGENIOUS ENTERTAINMENT VCT 1 & 2

Notes and Instructions:

1. The Notice of the General Meeting of Shareholders is set out on pages 14 to 19 of this circular.
2. A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his place. 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 proxy may be obtained by photocopying this form or contacting the Company Secretary of the Manager on 0207 319 4000. Please indicate next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. All multiple forms must be signed and returned in the same envelope. A proxy need not be a member of the Company.
3. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. Any alterations to the Form of Proxy should be initialled.
5. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, or electronically at ingenious@davidvenus.com, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
6. In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
 - by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to SLC Registrars, Thames House, Portsmouth Road Esher, Surrey, KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - by sending an e-mail to ingenious@davidvenus.com.In either case, the revocation notice must be received by SLC Registrars before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (iv) directly below, the proxy appointment will remain valid
7. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
8. The case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
9. The completion and return of this Form of Proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.

INGENIOUS ENTERTAINMENT VCT 2 PLC
PROXY FOR GENERAL MEETING OF SHAREHOLDERS

I/We

of (address)

being a member/members of the Company hereby appoint the Chairman of the meeting, or

of (address)

as my/our proxy to vote on my/our behalf at the General Meeting of Shareholders of the Company to be held at 3.15 pm on 16 December 2009 at 15 Golden Square, London, W1F 9JG and at any adjournment thereof (see note 1).

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

The proxy is directed to vote on the resolutions set out in the notice convening the General Meeting of Shareholders, resolution 2, is proposed as an ordinary resolution and resolutions 1 and 3 to 6 as special resolutions, as follows:

Special Resolution	For	Against	Withheld
(1) To create a class of 'D' Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution			
(2) To authorise the Directors to allot relevant securities under Section 550(1) of the Companies Act 2006.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution			
(3) To authorise the Directors pursuant to Section 571 of the Companies Act 2006 to allot equity securities for cash without regard to pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) To cancel the share premium account to be created upon the issue of 'D' Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) To authorise the Company make market purchases of 'D' Shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(6) To amend the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed

Dated

INGENIOUS ENTERTAINMENT VCT 1 & 2

Notes and Instructions:

1. The Notice of the General Meeting of Shareholders is set out on pages 14 to 19 of this circular.
2. A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his place. 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 proxy may be obtained by photocopying this form or contacting the Company Secretary of the Manager on 0207 319 4000. Please indicate next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. All multiple forms must be signed and returned in the same envelope. A proxy need not be a member of the Company.
3. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. Any alterations to the Form of Proxy should be initialled.
5. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, or electronically at ingenious@davidvenus.com, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
6. In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
 - by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to SLC Registrars, Thames House, Portsmouth Road Esher, Surrey, KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - by sending an e-mail to ingenious@davidvenus.com.In either case, the revocation notice must be received by SLC Registrars before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (iv) directly below, the proxy appointment will remain valid
7. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
8. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
9. The completion and return of this Form of Proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.