

Dear IFA or Investor,

Re: Matrix Clean Energy VCTs

We are writing to inform you that, following the statement from the Department of Energy and Climate Change ("DECC") on Monday 7th February, all aspects of the Feed in Tariff ("FIT") scheme (including tariff levels, administration and eligibility of technologies) are under review and therefore Matrix and the Boards of the Matrix Clean Energy VCTs ("VCTs") have decided to suspend the Offer.

The impact of the comprehensive FIT review is being considered by all industry participants, but the initial view of Matrix and the Boards of the VCTs is that the future of the FIT scheme is now uncertain, which is a material risk to investors. In reaching this view, we have attended briefings at DECC and the Renewable Energy Association, and have consulted with others in the industry.

We set out below a short summary of the DECC statement and some further comments on its impact:

- The FIT schemes under review include: Anaerobic Digestion (greater than 500kW); Hydro (up to 5MW); Micro CHP (less than 2kW); Solar PV (up to 5MW and standalone); and Wind (up to 5MW).
- Solar PV projects over 50kW and Anaerobic Digestion projects will undergo a fast track review with changes to be implemented as soon as practicable. We understand this to mean that changes to solar PV FITs could apply from July 2011.
- All other FIT schemes to be reviewed by the end of 2011, with changes to take effect from April 2012 ("**unless the FIT review reveals a need for greater urgency**" as quoted in the DECC statement).

The full DECC statement is available at

http://www.decc.gov.uk/en/content/cms/news/fits_rev_wms/fits_rev_wms.aspx.

The Matrix Clean Energy VCTs were to be exclusively focused on relatively large scale rooftop solar PV. A pipeline of projects was already secured with Gazeley Limited, and would have enabled the VCTs to be fully invested by April 2012, which was when, we believed, DECC had originally indicated a possible alteration to the current FIT scheme.

Under the current FIT scheme, a solar PV installation is only credited with the FIT when it is connected to the national grid. Achieving planning permission and/or preliminary or full grid connection offers and/or receiving HMRC clearance for investment opportunities does not guarantee a solar PV installation will receive the FIT. Only grid connection by the due date enables a solar PV installation to qualify for the FIT and receive the revenue generated by the FIT.

As changes to the solar PV tariff above 50kW are currently expected by July 2011, the available timeframe for completion of projects (including grid connection) is, in our view, too restricted and would expose investors to material financial risk. This is why we have decided to suspend the Matrix Clean Energy VCTs.

We have asked DECC to respond specifically (and as a matter of urgency) on whether solar PV rooftop installations over 50kW would be treated differently from ground mounted for the purposes of the FIT review and whether tariffs will remain unchanged until April 2012. We are awaiting a response and will keep you informed of our discussions.

Together with the Boards of the VCTs, we will make a decision whether or not to proceed with the Offer as quickly as possible after we have received a response from DECC. The FIT review has resulted in a material change to the investment climate for FIT based renewables in the UK and we believe investors should be treated fairly and have the opportunity to have their money returned in good time to allow them to consider other investments which may have a deadline of the current tax year end.

We would like to take this opportunity to thank those of you who have supported our Matrix Clean Energy VCTs to date. If you have any questions please do not hesitate to contact us.

Yours,

Matrix Clean Energy Team
Rupert Lywood, Donald MacKinnon, Mark White, Ruby Jones