T2 INCOME FUND LTD

Update

September 2009

Important Information

These presentation slides contain forward-looking statements and forecasts with respect to the financial condition and the results of T2 Income Fund Ltd. These statements are forecasts involving risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this presentation should be construed as a profit forecast.

Nothing in this presentation should be seen as a promotion or solicitation to buy shares in T2 Income Fund Ltd. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.

Information in this presentation reflects the knowledge and information available at the time of its presentation.

Introduction to T2

T2 Income Fund Limited

- AiM listed, Guernsey domiciled investment company
- Launched 2006, raising a total of £43m
- Objective is to produce a stable and predictable dividend yield, with long-term preservation of net asset value
- Investment Manager is T2 Advisers, LLC, based in Greenwich Connecticut, whose principals also manage TICC Capital Corp, a NASDAQ listed $130m market cap investment company

T2 Income Fund Limited

- Company invests in debt securities of companies across multiple sectors, primarily in the US
- The manager seeks to primarily invest in loans to middle market companies, where there are assets on which the loans are secured and where the loans generally have traditional credit-based covenants
- Invested mainly in first lien senior secured debt
- Portfolio of loans leveraged with a CLO subsidiary

T2 Income Fund Limited

- Only one payment default in portfolio in three years
- Performance subsumed by market issues
- Total dividends paid from inception in August 2005 through December 2008 were 19.5p per share
- Dividend payment suspended for three quarters from September 2008
- Dividend to be resumed in September 2009

CLO subsidiary

- $248.9m notes outstanding
  - Class A Notes $175.9m paying LIBOR + 29bps
  - Class B Notes $30.0m paying LIBOR + 60bps
  - Class C Notes $22.0m paying LIBOR + 150bps
  - Class D Notes $9.0m paying LIBOR + 275bps
  - Class E Notes $12.0m paying LIBOR + 500bps
- Interest cost 75bps over LIBOR to 2019
- $4.1m of the notes bought in
  - $1.1m Class B notes at 43.5c in the $
  - $3m Class D notes at 14.25c in the $

Changes in past quarter

- Change of Chairman
- AGM statement laid out
  - Market conditions
  - Investment portfolio characteristics and statistics
  - CLO characteristics and statistics
  - Review of advisors
  - Commitment to more effective communication
- Full interest payment received for first time this year
- Dividend declared in August 2009

AGM Statement Details

Current market conditions

- Big bounce in loan market, from historic lows
- Anticipate H2 weakness
- Have significant cash within CLO to reinvest
- Opportunities likely to be two-fold:
  - Better rated paper (BB- and above) available at a discount to par, can build quality of the portfolio
  - Opportunity to selectively purchase B rated paper at very attractive risk adjusted returns

Investment Portfolio

- Only one payment default of 69 purchases
- “Defaulted obligation” in CLO tests not the same
- Many loans pay monthly and all loans are required to pay at least quarterly
- Recent purchases have focused on the better quality BB- or above credits
- Despite this the weighted average rating has slipped, due to downgrades by the ratings agencies

Portfolio characteristics

- Concentrated portfolio, however no single investment represents more than 4% of the entire portfolio
- Vast bulk 1st Lien (no 2nd Lien purchased since 07)
- Large spread over LIBOR
- Middle market companies
- Diversified by sector
- Covenant heavy

CLO

- Being an income/cash flow CLO avoided collapse
- $302m of assets vs $248.9m of debt
- Capital risk includes event of default, poor performance of underlying assets, sales of loans at a loss, payment defaults by underlying companies
- Assets would have to decrease in value by approx. 30%
  - Most of the portfolio downgraded to CCC or below
  - Weighted average price of loans would need to be at 70c in the $
  - Expect full recovery (at par) for most of the CCC loans
  - Only two loans valued below 70c
- Pessimism of CLOs may continue to provide opportunities to buy back notes but restricted by cash position ex the CLO

Company

- Full interest payment of $2.4m received Q2
- Asset value illusory, but does illustrate the opportunities
- No hedging due to cashflow impact

The Future

The future

- The unencumbered value of the business is small
- The potential value within the business remains significant
- The company has two specific opportunities to add value for shareholders, over and above investment:
  - Buy in notes issued by the CLO
  - Add value through increasing the probability of interest payments from the CLO

Conclusion

- Cheap debt facility
- Assets have shown resilience
- Manager has performed well
- Opportunities to add value
- Potential to exploit these opportunities impeded by cash position