

MOBEUS VCT UPDATE

JANUARY 2013

MOBEUS INCOME & GROWTH VCT PLC MIG
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 MOBEUS INCOME & GROWTH 4 VCT PLC MIG 4
 THE INCOME & GROWTH VCT PLC I&G



Welcome to the Mobeus VCT Update for January 2013

This has been a busy period for the Manager. We are now operating under our new name of Mobeus, following our MBO from Matrix Group on 30 June 2012 and are settled into our new offices in Haymarket which shareholders are very welcome to visit at the AGMs of each of the VCTs. We are holding a shareholder workshop on 29 January at the Royal College of Surgeons, 43 Lincoln's Inn Fields, London WC2A 3PE. **We still have a few spaces available at both the daytime and evening events.** Please contact us by telephoning 020 7024 7600 or by email to events@mobeusequity.co.uk if you would like to attend.

Three of the VCTs, MIG, MIG 4 and I&G launched a further **linked offer** in November

2012 to raise up to £21 million in aggregate. This is the first offer under the new Mobeus brand. It retains many of the features and attractions of previous offers and has been well received, raising £6.4 million to date. Information on the offer can be downloaded from the dedicated fundraising page on the Manager's website by going to: www.mobeusequity.co.uk/investor-area.

Shortly, you should receive details from each of these three VCTs of the **Enhanced Buyback Facility (EBF)** that each propose offering to shareholders. An EBF is a loyalty scheme, whereby the VCT buys back some or all of a shareholder's existing shares at the prevailing NAV per share. The resultant proceeds are applied to invest in new shares in the same VCT. Shareholders receive new VCT shares which qualify for upfront income

tax reliefs of up to 30% on the amount reinvested*. Subject to shareholder approval at General Meetings to be held in February 2013, the companies will be making a tender offer to purchase from shareholders up to 50% of the issued capital of their VCT. The EBF may not be appropriate for all shareholders particularly if you have not held your shares for a sufficient period to qualify for the upfront tax reliefs. You are advised to consider carefully whether the Linked Offer and/or the EBF will be appropriate to your circumstances and to consult with a financial intermediary or other professional advisor should you wish to pursue either or both of these options.

*Provided that the shareholder has not exceeded the limit of investing more than £200,000 into VCTs in any one tax year.

TEN LARGEST INVESTMENTS

Across the combined asset base of approximately £152 million, the VCTs' ten largest investments account for £56.8 million (37.4% of the asset base) and are shown in the table below.

Company	Business	Total (£m)	
		Cost	Valuation
ATG Media	Publisher and online auction platform operator	4.0	10.2
DiGiCo Global	Audio mixing desks	6.1	6.1
EMaC	Provider of service plans to the motor trade	6.0	6.0
Motorclean	Vehicle cleaning and valet services	5.2	5.7
Blaze Signs	Signs and sign maintenance	4.0	5.7
Tessella	Technology Consultancy	5.6	5.6
CB Imports	Silk flowers and floral sundries	4.0	4.5
EOTH	Branded outdoor equipment and clothing	4.5	4.5
RDL Corporation	Pharmaceutical and IT recruitment	5.0	4.4
British International	Helicopter Services	4.1	4.1
Total for ten largest investments		48.5	56.8
Other Investments		66.4	49.6
Portfolio Total		114.9	106.4

INVESTMENT AND PORTFOLIO NEWS

We are working on a number of promising new investments and are therefore hopeful that the pace of new investment will pick up in 2013 after a quieter period for acquisitions in 2012. The second half of 2012 was challenging for new investment, caused in part by the second dip into recession and uncertainty regarding changes to the VCT legislation.

The period after November 2011 was notably strong for realisations and a total of £32 million was realised across the VCTs from the sale of App-DNA, DiGiCo, Camwood and Iglu. The second six months of the year covered by this newsletter have been quieter, although I&G received cash proceeds of £0.6 million from the sale of its investment in Brookerpaks to its management in November 2012. Blaze has traded strongly enabling it to repay much of its loan. Tikit received a recommended offer from British Telecommunications plc of 416 pence per share in November 2012 which has since been approved by shareholders. Ant plc, in the I&G portfolio, also received a recommended offer from Espial Group Inc, a company listed on the Toronto stock exchange, in November 2012.

A total of £5.0 million cash proceeds, including loan stock repayments, has been realised in the six month period since the last newsletter as shown in the table below.

Company	VCT	Month	Amount (£m)	Realisation
Blaze Signs	All	August and November	2.7	Loan Repayment
IDOX	I&G	November	0.5	Partial sale
Brookerpaks	I&G	November	0.6	Full sale
Fullfield	All	July	0.4	Loan Repayment
Other	All		0.8	Sales/loan repayments
Total			5.0	

MANAGER'S COMMENTARY

While the level of completed new investment transactions has been relatively low during the period, a number of portfolio companies have made good progress and this is reflected in the valuations of these companies, helping to raise the VCTs' NAV per share. The VCTs, in particular I&G, have made a number of successful realisations in the period since November 2011 which has increased their cash reserves available for investment. We doubt that this unprecedented high rate of divestment will continue, but each VCT is now in a stronger position to take advantage of attractive new investment opportunities.

Manager's website

The new Mobeus website www.mobeusvcts.co.uk, provides comprehensive information on the portfolios and performance of the VCTs and contact details if you have a query.

Online communications

If you would prefer to receive this update by email in the future, please send a brief email with the heading 'VCT update' to: info@mobeusequity.co.uk requesting to be added to our electronic mailing list.

Shareholders wishing to manage their accounts online and to receive communications, such as notices of meetings and annual reports, from each of the companies can register for electronic communications by going to the website of the relevant company's registrars:

MIG2, MIG4 and I&G:
www.capitashareportal.com

MIG only:
www-uk.computershare.com/Investor

PERFORMANCE OF MOBEUS VCTS BY FUNDRAISING

The table below shows the performance for all shareholders in the four Mobeus VCTs. This is listed for each fundraising year in which shareholders invested (other than the 2012 offer). Total shareholder return on a NAV basis reported by all four VCTs since the last newsletter has shown increases ranging from 0.5 to 4.5%, which reflects encouraging performance in each portfolio.

VCT AND FUNDRAISING Data expressed in pence per share	Fundraising year	Issue price of initial allotment ²	Net asset value per share	Bid share price	Cumulative dividends paid per share	Total return since fundraising		Annual % return on NAV basis after income tax relief ³	Dividends paid in last financial year
						(based on NAV)	(based on bid share price)		
		P	P	P	P	P	P	%	P
Mobeus Income & Growth VCT plc									
(net assets: £41.3 million)									
Ordinary Shares	2004/05	100.0	89.4	80.5	38.0	127.4	118.5	11.2%	
Formerly Matrix Income & Growth 3 VCT plc ¹ Conversion ratio 1.0655	2005/06	100.0	95.2	80.5	27.4	122.6	113.2	11.3%	
Ordinary Shares (Linked Offer)	2010/11	98.0 ²	89.4	80.5	16.7	106.1	97.2	27.7%	
Mobeus Income & Growth 2 VCT plc									
(net assets: £24.6 million)									
Ordinary Shares (former O Ordinary Shares) ¹ Conversion ratio 0.8270	2000/01	100.0	82.1	70.0	33.4	115.5	91.3	3.5%	⁴
Ordinary Shares (former C Ordinary Shares)	2005/06	100.0	99.2	70.0	14.0	113.2	84.0	9.8%	
Ordinary Shares (former C Ordinary Shares)	2008/09	92.4 ⁴	99.2	70.0	10.0	109.2	80.0	16.5%	
Mobeus Income & Growth 4 VCT plc									
(net assets: £32.6 million)									
Ordinary Shares	1998/99	200.0	113.5	102.5	26.7	140.2	129.2	-0.9%	⁴
Ordinary Shares	2006/07	120.9	113.5	102.5	16.0	129.5	118.5	8.4%	
Ordinary Shares (Top-up Offer)	2010	112.4	113.5	102.5	11.0	124.5	113.5	18.8%	
Ordinary Shares (Linked Offer)	2010/11	121.8 ²	113.5	102.5	8.0	121.5	110.5	20.3%	
The Income & Growth VCT plc									
(net assets: £50.6 million)									
Ordinary Shares (former O Ordinary Shares) ¹ Conversion ratio 0.7578	2000/01	100.0	83.1	98.5	43.7	126.8	118.3	4.4%	⁴
Ordinary Shares (former S Ordinary Shares)	2007/08	100.0	109.6	98.5	28.5	138.1	127.0	16.0%	
Ordinary Shares (Linked Offer)	2010/11	104.8 ²	109.6	98.5	28.0	137.6	126.5	44.8%	

¹ In the case of these three fundraisings, the shares originally issued have since been exchanged for shares in the current share class of the VCT concerned, at the time of merger. However, the performance data shown is stated so as to be comparable with the original issue price of that investment, using the conversion ratios stated.

² The data for each of these fundraisings are based upon the performance of the investment for an investor in the first allotment.

³ The return is calculated on the issue price less initial income tax relief. The tax relief was 20% up to 5 April 2004, 40% from 6 April 2004 to 5 April 2006 and 30% thereafter.

⁴ Investors in these three fundraisings may have enhanced these returns if they also deferred capital gains tax liabilities.

⁵ The Directors of I&G have declared an additional interim dividend in respect of the year ended 30 September 2012 of 6 pence per share to be paid to shareholders on 8 February 2013.

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