

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

THIS DOCUMENT CONSTITUTES A REGISTRATION DOCUMENT ("THE REGISTRATION DOCUMENT") ISSUED BY MOBEUS INCOME & GROWTH VCT PLC ("MIG"), MOBEUS INCOME & GROWTH 2 VCT PLC ("MIG 2"), MOBEUS INCOME & GROWTH 4 VCT PLC ("MIG 4") AND THE INCOME & GROWTH VCT PLC ("I&G") (TOGETHER "THE COMPANIES" AND EACH "A COMPANY") DATED 10 DECEMBER 2014.

THIS DOCUMENT HAS BEEN PREPARED IN COMPLIANCE WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE UK LISTING AUTHORITY ("UKLA") AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD BE DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF A JURISDICTION OUTSIDE ENGLAND AND WALES. ADDITIONAL INFORMATION RELATING TO THE COMPANIES IS CONTAINED IN A SECURITIES NOTE ISSUED BY THE COMPANIES ("THE SECURITIES NOTE"). A BRIEF SUMMARY WRITTEN IN NON-TECHNICAL LANGUAGE CONVEYING THE ESSENTIAL CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE COMPANIES AND THE ORDINARY SHARES OF 1 PENNY EACH IN THE CAPITAL OF EACH OF THE COMPANIES WHICH ARE BEING OFFERED FOR SUBSCRIPTION ("OFFER SHARES") ("THE OFFERS" AND EACH AN "OFFER") IS CONTAINED IN A SUMMARY ISSUED BY THE COMPANIES ("THE SUMMARY"). THE REGISTRATION DOCUMENT, THE SECURITIES NOTE AND THE SUMMARY HAVE BEEN PREPARED IN ACCORDANCE WITH THE PROSPECTUS RULES MADE UNDER FSMA AND HAVE BEEN APPROVED BY THE FINANCIAL CONDUCT AUTHORITY ("FCA") IN ACCORDANCE WITH FSMA.

THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND THE SUMMARY TOGETHER COMPRISE A PROSPECTUS ISSUED BY THE COMPANIES DATED 10 DECEMBER 2014 ("THE PROSPECTUS"). THE PROSPECTUS HAS BEEN FILED WITH THE FCA IN ACCORDANCE WITH THE PROSPECTUS RULES AND YOU ARE ADVISED TO READ THE PROSPECTUS IN FULL.

The Companies and the Directors of the Companies (whose names are set out on page 5) accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Companies and the Directors of the Companies (who have taken all reasonable care to ensure that such is the case), affirm that the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Offers for subscription to raise, in aggregate, up to £39 million  
through the issue of Offer Shares in each Company**

| <b>Mobeus Income &amp; Growth VCT plc</b>                                 | <b>Mobeus Income &amp; Growth 2 VCT plc</b>                               | <b>Mobeus Income &amp; Growth 4 VCT plc</b>                               | <b>The Income &amp; Growth VCT plc</b>                                    |
|---|---|---|---|
| Registered in England & Wales under number 05153931<br>ISIN: GB00B01WL239 | Registered in England & Wales under number 03946235<br>ISIN: GB00B0LKLZ05 | Registered in England & Wales under number 03707697<br>ISIN: GB00B1FMDH51 | Registered in England & Wales under number 04069483<br>ISIN: GB00B29BN198 |
| Offer for subscription to raise up to £15 million                         | Offer for subscription to raise up to £8 million                          | Offer for subscription to raise up to £6 million                          | Offer for subscription to raise up to £10 million                         |

In connection with the Offers, Howard Kennedy Corporate Services LLP, the sponsor to the Offers, and Mobeus Equity Partners LLP ("Mobeus"), the promoter to the Offers, are acting for the Companies and no one else and will not be responsible to anyone other than the Companies for providing the protections afforded to customers of Howard Kennedy Corporate Services LLP and Mobeus (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) in providing advice in relation to the Offers. Howard Kennedy Corporate Services LLP and Mobeus are authorised and regulated in the United Kingdom by the FCA.

SGH Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Companies and no-one else and will not be responsible to anyone other than the Companies for the advice in connection with any matters referred to herein.

The attention of prospective investors in the Companies who are resident in, or citizens of, territories outside the United Kingdom is drawn to the information under the headings "Overseas Investors" in Part I, II, III and IV of this document. None of the Offer Shares have been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, (the Securities Act) or under the securities laws of Canada, Australia, Japan or South Africa (each a Restricted Territory) and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of US Persons (as defined in Regulation S made under the Securities Act) or any national, citizen or resident of the United States or any of the Restricted Territories. The Offers are not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. In particular, prospective investors who are resident in the United States or any Restricted Territory should note that this document is being sent for information purposes only. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. An Application Form is not being and must not be forwarded to or transmitted in or into the United States or a Restricted Territory.

Application has been made to the UKLA for the Offer Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange plc for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission to the Official List will become effective and that dealings in the Offer Shares will commence three Business Days following allotment. The Companies' existing issued Shares are traded on the London Stock Exchange's main market for listed securities.

Copies of this Registration Document, the Securities Note and the Summary are available free of charge from the promoter of the Offers:

|   |   |
|---|---|
| Mobeus Equity Partners LLP<br>30 Haymarket<br>London SW1Y 4EX | telephone: 020 7024 7600<br>download: <a href="http://www.mobeusequity.co.uk/investor-area">www.mobeusequity.co.uk/investor-area</a><br>email: <a href="mailto:info@mobeusequity.co.uk">info@mobeusequity.co.uk</a> |
|---|---|

**YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 3 TO 4.**

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## RISK FACTORS

The following are those risk factors which are material to each Company and of which each Company's respective Directors are aware. Material risk factors relating to the Offer Shares are contained in the Securities Note. Additional factors which are not presently known to the Directors, or that the Directors currently deem immaterial, may also have an effect on their respective Company's business, financial condition or results of operations.

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

VCTs are subject to investment restrictions, a summary of which are set out in Part Ten of the Securities Note. This may have an impact on the investments the Companies can make and the returns achievable. Although Mobeus has seen a strong flow of new investment opportunities, there can be no guarantee that suitable investments will be identified in order to meet each Company's objectives.

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

It can take a period of years for the underlying value or quality of smaller companies, such as those in which the Companies invest, to be fully reflected in their market values and their market values are often also materially affected by general market sentiment, which can be negative for prolonged periods. Where more than one of the funds advised by Mobeus wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net asset value of each fund. When one or more of the funds advised by Mobeus is in a fundraising period, its net funds raised, for the purpose of allocation, will be assumed to be the value of shares allotted in that fund at the time the allocation calculation is made. Implementation of this policy will be subject to the availability of funds to make the investment and other portfolio considerations, such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular Company's portfolio in VCT qualifying holdings. This may mean that a Company may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.

Although a Company may receive customary venture capital rights in connection with its investments, particularly as a minority investor it may not be in a position to protect its interests fully.

To the extent that investee companies are unable to pay the interest on loan stock instruments, a Company's income return will be adversely affected. Investee companies may also have debt, such as bank loans, which rank ahead of the loan stock issued to a Company.

Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts and changes to the current level of interest rates, could materially affect, directly or indirectly, the operation of the Companies and/or the performance of the Companies and the value of, and returns from, Shares and/or their ability to achieve or maintain VCT status.

Some commentators believe that the UK economy will continue to face testing circumstances in the short to medium term that could affect economic growth. Such conditions could adversely

affect the ability of small companies to perform adequately, which could in turn reduce the returns earned by investors. Resultant stock market and currency movements may cause the value of a Company's investments, and the income from them, to fall as well as rise and investors may not get back the amount they originally invested.

Whilst it is the intention of each Board that its Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that a Company's status will be maintained. Failure to continue to meet the qualifying requirements could result in Qualifying Investors losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the upfront tax reliefs obtained. Furthermore, should a Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the relevant Company would also lose its exemption from corporation tax on its capital gains.

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

The tax rules, or their interpretation, in relation to an investment in a Company and/or the rates of any tax, may change during the life of that Company and may apply retrospectively. The value of the tax reliefs depends on the personal circumstances of each individual investor, who should consult his/her own tax adviser before making any investment.

VCT regulations introduced in 2012 restrict the ability of VCTs to make further investments in Money Market Funds. In response to this change, each Company has diversified its portfolio of cash investments and is no longer adding to its investment in Money Market Funds. Each Company continues to hold sums in a selection of Money Market Funds with AAA credit ratings (such ratings being given by credit rating agencies registered in the EU). However, the balance of cash and current asset investments is held on deposit across a range of other well-known financial institutions with a range of maturities. Whilst UK banks are at a recovery stage, systemic risk remains, which could in turn reduce the returns earned by investors.

Changes in legislation concerning VCTs in relation to what constitutes qualifying holdings, qualifying trades and qualifying use of funds, may limit the number of qualifying investment opportunities, reduce the level of returns which would otherwise have been achievable or result in a Company not being able to meet its objectives. Investors should note that funds raised after 5 April 2012 and used by an investee company for the acquisition of shares in another company are restricted from being qualifying holdings for VCT purposes, which may reduce the number of investment opportunities for such funds.

## CORPORATE INFORMATION

### Directors (Non-executive)

#### MIG

Keith Melville Niven (Chairman)  
Bridget Elisabeth Guérin  
Thomas Peter Sooke  
Catherine Alison Wall

#### MIG 2

Nigel Edward Melville (Chairman)  
Kenneth Charles Vere Nicoll  
Adam Fletcher Downs Kingdon  
Sally Louise Duckworth

#### MIG 4

Christopher Mark Moore (Chairman)  
Andrew Stephen Robson  
Helen Rachelle Sinclair

#### I&G

Colin Peter Hook (Chairman)  
Jonathan Harry Cartwright  
Helen Rachelle Sinclair

### Registered Office

30 Haymarket  
London  
SW1Y 4EX

### Company Registration Numbers

MIG 05153931  
MIG 2 03946235  
MIG 4 03707697  
I&G 04069483

### Website

[www.migvct.co.uk](http://www.migvct.co.uk)  
[www.mig2vct.co.uk](http://www.mig2vct.co.uk)  
[www.mig4vct.co.uk](http://www.mig4vct.co.uk)  
[www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk)

### Telephone Number

020 7024 7600

### Investment Adviser, Administrator, Company Secretary and Promoter

Mobeus Equity Partners LLP  
30 Haymarket  
London SW1Y 4EX

### Solicitors

SGH Martineau LLP  
No. 1 Colmore Square  
Birmingham B4 6AA

### Stockbroker

Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF

### Auditors

BDO LLP  
55 Baker Street  
London W1U 7EU

### Registrars for MIG 2, MIG 4 and I&G

Capita Asset Services  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
Telephone Number: 0871 664 0324\*

### Receiving Agent

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh EH2 1DF

### Sponsor

Howard Kennedy Corporate Services LLP  
1 London Bridge  
London SE1 9BG

### VCT Tax Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

### Registrars for MIG

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone Number: 0870 707 1155\*\*

Further details on the costs of calls, opening hours and how to contact the Companies' registrars from abroad are detailed on their websites [www.capitaregistrars.com/shareholders](http://www.capitaregistrars.com/shareholders) and [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

\*Capita Asset Services telephone number is open between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (except UK public holidays). If telephoning from outside of the UK dial +44 20 3170 0187. Calls to Capita Asset Services' helpline are charged at 10p per minute (including VAT) plus your service providers' network extras. Calls from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones.

\*\*Computershare's telephone number is open between 8.30 am and 5.30 pm (GMT) Monday to Friday (except UK public holidays). Calls to Computershare 0870 number are often free if included in your plan, if not included, calls will be charged at no more than dialling a STD code (about 2p per minute usually depending on your supplier). Calls to the helpline from outside of the UK will be charged at applicable international rates.

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

|                              |   |
|------------------------------|---|
| “2013 Offer”                 | the linked offer for subscription of Shares in the Companies as described in the Prospectus dated 28 November 2013  |
| “AIFMD”                      | the Alternative Investment Fund Managers Directive 2011/61/EU   |
| “AIM”                        | the Alternative Investment Market   |
| “Allotment Formula”          | the formula to calculate the number of Offer Shares to be issued by each Company to each investor as set out in Part Eight of the Securities Note   |
| “Application”                | a valid application by an Applicant for Offer Shares pursuant to one or more of the Offers  |
| “Articles”                   | the articles of association of MIG and/or MIG 2 and/or MIG 4 and/or I&G, as the context permits   |
| “Boards”                     | the board of directors of MIG, MIG 2, MIG 4 and I&G (and each “a Board”)  |
| “Business Days”              | any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling  |
| “CA 1985”                    | the Companies Act 1985 (as amended)   |
| “CA 2006”                    | the Companies Act 2006 (as amended)   |
| “Closing Date”               | the closing date of an Offer, expected to be 12.00 noon on 2 April 2015, unless fully subscribed earlier or otherwise as so resolved by the relevant Board  |
| “Companies”                  | MIG, MIG 2, MIG 4 and I&G (and each “a Company”)  |
| “Companies Acts”             | CA 1985 and CA 2006   |
| “Directors”                  | the directors of MIG and/or MIG 2 and/or MIG 4 and/or I&G from time to time, as the context permits   |
| “Early Investment Incentive” | an amount equal to 1.00% of the Investment Amount on Applications which are received and accepted up to the earlier of the first £15 million being raised or to 6 February 2015, payable by Mobeus and from which will be used to purchase additional Offer Shares in the Companies (as applicable) as set out in Part Eight of the Securities Note |
| “EBITA”                      | a company's earnings before the deduction of interest, tax and amortisation   |
| “FCA”                        | the Financial Conduct Authority   |
| “FSMA”                       | the Financial Services and Markets Act 2000 (as amended)  |
| “HMRC”                       | Her Majesty's Revenue & Customs   |
| “Howard Kennedy”             | Howard Kennedy Corporate Services LLP, the sponsor to the Offers  |
| “I&G”                        | The Income & Growth VCT plc   |
| “I&G Shares”                 | ordinary shares of 1p each in the capital of I&G  |
| “Investment Amount”          | the monetary amount of an Application accepted, ignoring the Early Investment Incentive and any waived ‘execution only’ initial commission and/or waived Mobeus promotion fee to be reinvested for additional Offer Shares  |
| “IPEVC Valuation Guidelines” | the International Private Equity and Venture Capital Valuation Guidelines   |

|                            |  |
|----------------------------|--|
| “ISDX”                     | the ICAP Securities & Derivatives Exchange, a prescribed market for the purposes of section 118 of Financial Services and Markets Act 2000   |
| “Listing Rules”            | the Listing Rules of the UK Listing Authority  |
| “London Stock Exchange”    | London Stock Exchange plc  |
| “MBO”                      | management buy out   |
| “Memorandum”               | the memorandum of association of MIG and/or MIG 2 and/or MIG 4 and/or I&G, as the context permits (and together “the Memoranda”)   |
| “MIG”                      | Mobeus Income & Growth VCT plc   |
| “MIG Shares”               | ordinary shares of 1p each in the capital of MIG   |
| “MIG 2”                    | Mobeus Income & Growth 2 VCT plc   |
| “MIG 2 Shares”             | ordinary shares of 1p each in the capital of MIG 2   |
| “MIG 3”                    | Matrix Income & Growth 3 VCT plc   |
| “MIG 4”                    | Mobeus Income & Growth 4 VCT plc   |
| “MIG 4 Shares”             | ordinary shares of 1p each in the capital of MIG 4   |
| “Mobeus”                   | Mobeus Equity Partners LLP, the investment adviser, administrator, company secretary and promoter to the Companies and which is authorised and regulated by the FCA  |
| “Money Market Funds”       | money market funds, government securities or other low risk liquid assets  |
| “NAV” or “net asset value” | the net asset value of a company or, as the case may be, share, calculated in accordance with that company’s normal accounting policies  |
| “Offers”                   | the offers for subscription of Offer Shares in the Companies as described in the Prospectus (and each an “Offer”)  |
| “Offer Price”              | the price at which the Offer Shares will be allotted in each Company pursuant to the Offers, as determined by dividing the Investment Amount in a Company by the number of Ordinary Shares to be issued by that Company (in accordance with the Allotment Formula) |
| “Offer Shares”             | the MIG Shares, MIG 2 Shares, MIG 4 Shares and I&G Shares (as the context permits), being offered for subscription pursuant to the Offers (and each an “Offer Share”)  |
| “Official List”            | the official list of the UK Listing Authority  |
| “Prospectus”               | together, this Registration Document, the Securities Note and the Summary  |
| “Prospectus Rules”         | the prospectus rules of the UK Listing Authority   |
| “Qualifying Company”       | an unquoted (including an AIM-listed) company which satisfies the requirements of Chapter 4 of Part 6 of the Tax Act   |
| “Receiving Agent”          | The City Partnership (UK) Limited  |
| “Registrar”                | Capita Asset Services or Computershare Investor Services PLC, as the context permits   |
| “Registration Document”    | this document  |
| “Regulations”              | the Uncertificated Securities Regulations 2001   |
| “Securities Note”          | the securities note issued by the Companies dated 10 December 2014 in connection with the Offers   |

|                                  |   |
|----------------------------------|---|
| “Shareholder”                    | a holder of Shares in one or more of the Companies (as the context permits)   |
| “Shares”                         | MIG Shares and/or MIG 2 Shares and/or MIG 4 Shares and/or I&G Shares (and each a “Share”), as the context permits             |
| “Summary”                        | the summary issued by the Companies dated 10 December 2014 in connection with the Offers                                      |
| “Tax Act”                        | the Income Tax Act 2007 (as amended)  |
| “UKLA” or “UK Listing Authority” | the FCA in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 |
| “United Kingdom” or “UK”         | the United Kingdom of Great Britain and Northern Ireland  |
| “United States” or “US”          | the United States of America, its states, territories and possessions (including the District of Columbia)                    |
| “VCT Value”                      | the value of an investment calculated in accordance with section 278 of the Tax Act   |
| “Venture Capital Trust” or “VCT” | a venture capital trust as defined in section 259 of the Tax Act  |



## **THE DIRECTORS AND MOBEUS**

As required by the Listing Rules, each of the Companies' Boards is independent of Mobeus. All Directors are, except for Helen Sinclair, independent of Mobeus. Helen is a director of both I&G and MIG 4 and, as both are advised by Mobeus, is deemed not to be an independent director under the Listing Rules.

Each Board has substantial experience of venture capital businesses and has overall responsibility for its Company's affairs, including determining the investment policy of the relevant Company and making investment decisions on the advice of Mobeus. Each Board also retains responsibility for approving both the valuations of its portfolio and the net assets of its Company (on the advice of Mobeus).

### **(A) THE DIRECTORS (ALL NON-EXECUTIVE)**

#### **Mobeus Income & Growth VCT plc**

##### ***Keith Niven – (independent chairman)***

Keith has over 40 years' experience in the financial services industry, most of which was spent at Schroder Investment Management Limited, the fund management arm of Schroders plc, where he was appointed joint vice-chairman in 2000. He held a number of other senior positions within Schroders including managing director of its UK institutional fund management business between 1986 and 1992 and chairman of its retail business, Schroder Unit Trusts Limited, from 1992 to 2001. He retired from Schroders in October 2001. Keith is a non-executive director of one other investment trust, Schroder Income Growth Fund plc. Keith is also an investment adviser to the Rolls-Royce Pension Fund and a member of the University of Glasgow's Investment Advisory Committee. Keith was chairman of MIG 3 which was merged with MIG in May 2010.

##### ***Bridget Guérin – (independent director)***

Bridget has nearly 30 years' experience in the financial services industry. She was managing director of Matrix Money Management Limited between June 1999 and March 2011 and sat on the Matrix Group board between 2000 and 2009. Prior to joining Matrix, Bridget gained 14 years of retail investment fund experience at Schroder Unit Trusts Limited, Ivory & Sime and County NatWest. Bridget is currently a non-executive director of CCP Quantitative Fund and CCP Core Macro Fund, both of which are Cayman CTA funds, Schroder Income Growth Fund plc, a London listed investment trust and Charles Stanley Group plc. She is a member of the York Racecourse Committee and is a trustee of the York Racecourse Pension Fund. Bridget was a director of MIG 3 which merged with MIG in May 2010.

##### ***Tom Sooke (independent director)***

Tom is an experienced venture capitalist and is chairman of Travel à la Carte Limited and The Greek Property Agency Limited. In recent years he has been chairman and non-executive director of a number of quoted and unquoted private equity funds and other companies. Previously, until 1991, he was a partner in Deloitte LLP, co-managing the firm's corporate advisory group in London. Prior to that he was a main board director at investment bankers, Granville Holdings plc, where he also established and ran its main private equity fund activities from 1980 to 1987. In 1983, whilst with Granville, Tom was one of the co-founding members of the British Venture Capital Association. Tom was a director of MIG 3 which merged with MIG in May 2010.

##### ***Catherine Wall (independent director)***

Catherine has 30 years' experience in the private equity industry, having worked for Barclays Private Equity (now called Equistone Partners Europe) from 1984 to 1989 and also from 1994 to 2013, and for 3i plc from 1989 to 1993. As a director of Barclays Private Equity she led and managed numerous investments in management buy-outs. She later became UK portfolio director, supervising the management of all the firm's UK investments. She held over 20 roles as non-executive director, non-executive chairman or shareholder representative on the boards

of investee companies in which Barclays Private Equity/Equistone Partners Europe were invested; additionally, she was a non-executive director of Indigo Holdings Limited from August 2010 to December 2012 and served on the investment committee of the British Red Cross from 2004 to July 2014. She is currently also a non-executive director of BRE Group Limited, a testing and certification business.

#### **Mobeus Income & Growth 2 VCT plc**

##### ***Nigel Melville – (independent chairman)***

Nigel was chairman of Emtelle Holdings Limited, the UK's leading supplier of fibre-optic ducting systems, until August 2008. He has been a director of a number of other public and private companies. Between 1972 and 1995, he was an investment banker, latterly as a director of Barings, responsible for international corporate finance. In 1995 he established Melville Partners to provide strategic consultancy to a range of international companies.

##### ***Adam Kingdon (independent director)***

Adam has over 20 years' experience as a turnaround specialist and of restoring companies to profitability. He led a management buyout of Robinson Electronics, a supplier of test equipment for electricity supply utilities. He then went on to turn around more than ten loss-making engineering and technology companies in the UK, France, Germany, Holland and Belgium. He is also the founder and CEO of i2O Water Limited.

##### ***Sally Duckworth (independent director)***

Sally has worked in the financial services sector since 1990 and in the private equity industry since 2000. An active angel investor, she sits on the board of several early stage companies. She is a qualified accountant, former investment banker and venture capitalist. From 2000 to 2004 she worked for Quester Capital Management Limited as part of the investment team for their VCTs.

##### ***Ken Vere Nicoll (independent director)***

Ken has over 40 years' corporate finance experience and retired from Matrix Corporate Capital LLP, which provided corporate finance advice and stockbroking services, on 30 June 2009. He was a non-executive director of Unicorn AIM VCT II plc until March 2010, when it merged with Unicorn AIM VCT plc.

#### **Mobeus Income & Growth 4 VCT plc**

##### ***Christopher Moore (independent chairman)***

Christopher has considerable experience of the venture capital industry. After completing a law degree and qualifying as a chartered accountant with Price Waterhouse, he worked for Robert Fleming Inc., Lazards, Jardine Fleming and then Robert Fleming, latterly as a main board director from 1986 to 1995. During this period he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international venture capital fund, until the fund's final distribution in 2003. His roles have included acting as senior adviser to the chairman of Lloyds and chairing the successful turnaround of a public industrial group. Until May 2010, he was a director of MIG and until September 2010 he was a director of I&G. He was also a director of MIG 3 until it merged with MIG in 2010.

##### ***Andrew Robson (independent director)***

Andrew qualified as a chartered accountant. He was a director at Robert Fleming & Co Limited, working in corporate finance and was later a director in the M&A department of Société Générale. He also has finance director experience at the National Gallery and the eFinancial group. He now works as a business adviser to small companies. Andrew has over 15 years' experience as a non-executive director. He is currently a non-executive director of British Empire Securities and General Trust plc, Shires Income plc, JP Morgan Smaller Companies Investment Trust plc (from 2007) and Witan Pacific Investment Trust plc. Andrew was previously

a non-executive director of Edinburgh UK Smaller Companies Tracker Trust plc, Gate Gourmet Group Holding LLC and M&G Equity Investment Trust plc.

***Helen Sinclair (non-independent director)***

Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc, based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000 and helped raise Mobeus Income & Growth 2 VCT plc (formerly Matrix e-Ventures VCT plc). After leaving Matrix in 2005 she has become a non-executive director of Downing ONE VCT plc (following the merger with Downing Income VCT 4 plc), Spark Ventures plc, and is chairman of British Smaller Companies VCT plc. Helen is also a director of OFT 2 Limited and chairs the investment committees of the Third Sector Loan Fund and the Community Investment Fund which are part of Social and Sustainable Capital LLP.

**The Income & Growth VCT plc**

***Colin Hook – (independent chairman)***

Colin has extensive financial and commercial experience. He has worked in the City for more than 30 years. During this time, he has himself successfully founded two fund management companies and directed fund management operations for more than ten years. His City involvement includes mergers and acquisitions. From 1994 to 1997 he was chief executive of Ivory and Sime plc. Until February 2013, he was chief executive of Pole Star Space Applications Limited, a company which he helped to found in 1998 and which is today the world's leading provider of real-time tracking information for the maritime industry. He remains a director on this board. Until September 2010, he was also chairman of MIG 4.

***Jonathan Cartwright (independent director) – I&G***

Jonathan is a qualified chartered accountant. He has significant experience of the investment trust sector and of serving on the boards of both public and private companies in executive and non-executive roles. Jonathan joined Caledonia Investments plc in 1989, serving as finance director from 1991 to December 2009 and is currently a trustee of the Caledonia Pension Scheme. Prior to this he was group financial controller at Hanson plc from 1984 to 1989. He was also previously non-executive director of Bristow Group Inc. and of Serica Energy plc. He is non-executive chairman of BlackRock Income & Growth Investment Trust plc and also of Aberforth Geared Income Trust plc. He is also a non-executive director of Tennants Consolidated Limited. Jonathan has served on the Self-Managed Investment Trust Committee of the Association of Investment Companies (to December 2009).

***Helen Sinclair (non-independent director)***

Please see above for MIG 4.

## Current and Past Directorships

The Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

|                          | <b>Current</b>  | <b>Past Five Years</b>   |
|--------------------------|---|--|
| <b>Keith Niven</b>       | Advance UK Trust PLC (in liquidation)<br>Mobeus Income & Growth VCT plc<br>Schroder Income Growth Fund plc<br>Springfield Park (No. 2) Management Company Limited<br>Trossachs Community Trust Limited  | Impax Environmental Markets plc<br>Matrix Income & Growth 3 VCT plc (dissolved)<br>Schroder UK Growth Fund plc   |
| <b>Nigel Melville</b>    | Mobeus Income & Growth 2 VCT PLC<br>Egypt Investment Company  | JPMorgan Chinese Investment Trust PLC  |
| <b>Christopher Moore</b> | Bletchley Park Trust Limited<br>Mobeus Income & Growth 4 VCT plc  | British Eye Research Foundation<br>Eye Research UK<br>Fight for Sight Trading Limited<br>Mobeus Income & Growth VCT plc<br>Matrix Income & Growth 3 VCT plc (dissolved)<br>The Income & Growth VCT plc<br>The Iris Fund for the Prevention of Blindness  |
| <b>Colin Hook</b>        | Absolute Software (Australia) Pty Limited<br>Absolute Software Inc<br>Citron Press plc (in liquidation)<br>Pole Star Space Applications Limited<br>The Income & Growth VCT plc<br>The 9 <sup>th</sup> /12 <sup>th</sup> Royal Lancers (Prince of Wales's) Regimental Museum | Absolute Maritime Tracking Services Inc<br>Council of the Society of Maritime Industries<br>IBIS Designs Limited (dissolved)<br>Mobeus Income & Growth 4 VCT plc<br>Pole Star Data Centre Services Limited   |
| <b>Bridget Guérin</b>    | Beverley Race Company Limited (The)<br>Cantab Capital (Cayman) Limited<br>Cantab Capital LTIP Limited<br>CCP Core Macro Master Fund<br>CCP Quantitative Fund<br>Charles Stanley & Co. Limited<br>Charles Stanley Group plc<br>Mobeus Income & Growth                        | Matrix Alternative Investment Strategies Fund Limited<br>Matrix (Bermuda) Limited<br>Matrix Group Limited (in Liquidation)<br>Matrix Income & Growth 3 VCT plc (dissolved)<br>Matrix Money Management Limited (in Liquidation)<br>Matrix-Securities Limited (in Liquidation)<br>Matrix Structured Products |

|                        |   |   |
|------------------------|---|---|
|                        | VCT plc<br>Schroder Income Growth<br>Fund plc<br>York Racecourse Knavesmire<br>LLP  | Limited<br>Matrix UCITS Funds plc (in<br>Liquidation)<br>Meaujo (764) Limited (dissolved)<br>Meaujo (765) Limited (dissolved)<br>Cantab UCITS Fund plc  |
| <b>Tom Sooke</b>       | Mobius Income & Growth<br>VCT plc<br>Travel à la Carte Limited<br>The Greek Property Agency<br>Limited  | Committed Capital VCT plc<br>(dissolved)<br>Matrix Income & Growth 3 VCT<br>plc (dissolved)   |
| <b>Catherine Wall</b>  | BRE Group Limited<br><br>Mobius Income & Growth<br>VCT plc  | Equistone LLP<br>Equistone (UK) LLP<br>FirstAssist Services Holdings<br>Limited<br>Greenfinch Investment Services<br>Limited (dissolved)<br>Indigo Topco Limited<br>Worldmark International Holdings<br>Limited             |
| <b>Sally Duckworth</b> | Beyond The Story Limited<br>Mobius Income & Growth 2<br>VCT PLC<br>Stormagic Limited<br>Superhit Limited<br>Xanthic Limited   | Ashe Morris Limited<br>Forty Six and Forty Eight Elm<br>Park Road Management<br>Company Limited<br>Mysapient Limited (Dissolved)<br>Redkite Financial Markets Limited<br>(Proposal to Strike Off)                           |
| <b>Adam Kingdon</b>    | I20 Water Limited<br>I20 Water International<br>Holdings Limited<br>Mobius Income & Growth 2<br>VCT PLC   | Adam Kingdon Associates Limited<br>(dissolved)<br>Kingdon Burrows Performance<br>Aircraft Limited (dissolved)   |
| <b>Ken Vere Nicoll</b> | Cross Point Trading (Pty) Ltd<br>Mobius Income & Growth 2<br>VCT PLC<br>Tolwall Limited<br>Tolwall Fund Investments<br>LLP<br>VP Platinum LLP<br>VPP Nominees 2 Limited<br>VPP Nominees 3 Limited<br>VPP Nominees 4 Limited<br>VPP Nominees 5 Limited<br>VPP Nominees 6 Limited | Data Continuity Group Limited<br>Erros Limited<br>Matrix Group Limited (in<br>Liquidation)<br>Unicorn AIM VCT II PLC<br>(dissolved)<br>VSP Nominee Limited (dissolved)<br>VS Platinum LLP (dissolved)                       |
| <b>Andrew Robson</b>   | Best Securities Limited<br>Brambletye School Trust<br>Limited<br>British Empire Securities and<br>General Trust plc<br>First Integrity Limited<br>JPMorgan Smaller<br>Companies Investment<br>Trust plc<br>Mobius Income & Growth 4<br>VCT plc                                  | Gate Gourmet Group Holdings<br>LLC<br>Institute for Food, Brain and<br>Behaviour<br>M&G Equity Investment Trust plc<br>(in liquidation)<br>Topshire Limited (dissolved)<br>Wiston Investment Company<br>Limited (dissolved) |

Peckwater Limited  
Shires Income plc  
Witan Pacific Investment  
Trust plc

**Jonathan Cartwright**

Aberforth Geared Income  
Trust plc  
Blackrock Income and  
Growth Investment Trust  
plc  
Tennants Consolidated  
Limited  
The Income & Growth VCT  
plc  
Governor of Oundle School  
Trustee of the Caledonia  
Pension Scheme  
Trustee of the Non-Teaching  
Staff Pension Scheme of  
Oundle School  
Trustee of the Old Oundelian  
Benevolent Fund

Aquilo Associates Limited  
(dissolved)  
Bristow Group Inc. (USA)  
Bristow Aviation Holdings Limited  
Buckingham Gate Limited  
Caledonia CCIL Distribution  
Limited  
Caledonia EI Distribution Limited  
(dissolved)  
Caledonia Financial Limited  
Caledonia Group Services Limited  
Caledonia Industrial & Services  
Limited (dissolved)  
Caledonia Investments plc  
Caledonia Sloane Gardens  
Limited  
Caledonia Treasury Limited  
Easybox Self-Storage Limited  
Edinmore Investments Limited  
Garlandheath Limited  
Serica Energy plc  
Sloane Club Holdings Limited  
The Union-Castle Mail Steamship  
Company Limited  
Zulu Self Storage Properties  
Limited

**Helen Sinclair**

British Smaller Companies  
VCT plc  
Downing Income VCT 4 plc  
(in liquidation)  
Downing ONE VCT plc  
Hemstall Road Residents Co  
Limited  
Mobeus Income & Growth 4  
VCT plc  
OFT 2 Limited  
Spark Ventures plc  
The Income & Growth VCT  
plc  
39 Homer Street  
Management Limited

Octopus Eclipse VCT 3 plc  
(dissolved)

## **(B) MOBEUS**

The Companies' investment adviser is Mobeus, a limited liability partnership incorporated and registered in England and Wales under number OC320577 pursuant to the Limited Liability Partnerships Act 2000 (telephone number 020 7024 7600). Mobeus' registered office is 4th Floor, 52 Jermyn Street, London SW1Y 6LX and its principal place of business is 30 Haymarket, London SW1Y 4EX. Mobeus is authorised and regulated by the Financial Conduct Authority to advise on investments, arrange deals in investments and to make arrangements with a view to transactions in investments. The principal legislation under which Mobeus operates is the Limited Liability Partnership Act 2000 and the applicable provisions of the Companies Acts (and regulations made thereunder).

The origins of Mobeus date back to 1998 when its four founder partners began working together. Since 30 June 2012, Mobeus has been wholly owned by its executive partners.

The Mobeus team has now grown to 23 people, including seven partners. The Mobeus team focuses on advising and administering four Mobeus-advised VCTs.

Mobeus entered the VCT industry advising two multi-adviser VCTs as one of three investment advisers each looking after a share of the assets. These VCTs, TriVen VCT plc and TriVest VCT plc, were launched in 1999 and 2000 respectively. Between 2004 and 2009, it became clear to the independent boards of each of those Companies that Mobeus was achieving the best performance of the investment advisers and that Mobeus should be appointed as sole investment adviser. TriVen VCT was renamed Matrix Income & Growth 4 VCT plc in October 2006 and subsequently re-named Mobeus Income & Growth 4 VCT plc in June 2012. TriVest VCT plc was re-named The Income & Growth VCT plc in October 2007. These are two of the Companies in the Offers.

Matrix E-Ventures Fund plc was launched in 2000 and changed its name to Matrix Venture Fund VCT plc in 2001. In 2005, the Company changed its investment strategy and name to Matrix Income and Growth 2 VCT plc and launched a new C ordinary share fund. The C shares were subsequently merged with the ordinary shares on 10 September 2010. The Company changed its name to Mobeus Income & Growth 2 VCT plc in June 2012. This is the third Company in the Offers.

Matrix Income & Growth VCT plc and Matrix Income & Growth 3 VCT plc were launched with Mobeus as their sole investment adviser in 2004 and 2005 respectively. Matrix Income & Growth 3 VCT plc merged with Matrix Income & Growth VCT plc in 2010 and Matrix Income & Growth VCT plc changed its name to Mobeus Income & Growth VCT plc in June 2012. This is the fourth Company in the Offers.

## **MEMORANDA AND ARTICLES**

The material provisions of each of the Company's Articles are as detailed below. The provisions set out below apply, mutatis mutandis, to each Company unless otherwise stated. References in this section to "the Company" mean the relevant Company and references to "Directors" or "Board" mean the directors or board respectively of the relevant Company from time to time.

### **Objects**

The Company's principal object is to carry on the business of a VCT.

#### **1. Limited Liability**

The liability of the members is limited to the amount, if any, unpaid on their shares.

#### **2. General Meetings**

##### **2.1 Convening of General Meetings**

The Board may convene a general meeting whenever it thinks fit.

##### **2.2 Notice of General Meeting**

- (a) An annual general meeting shall be convened by not less than 21 clear days' notice in writing. Other general meetings shall, subject to CA 2006, be convened by not less than 14 clear days' notice in writing.
- (b) Every notice convening a general meeting shall specify:
  - (i) whether the meeting is an annual general meeting;
  - (ii) the place, the day and the time of the meeting;
  - (iii) the general nature of the business to be transacted;
  - (iv) if the meeting is convened to consider a special resolution the text of the resolution and the intention to propose the resolution as such; and
  - (v) with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.
- (c) The notice shall be given to the members other than any whom under the provisions of these Articles or of any restrictions imposed on any shares are not entitled to receive notice from the Company.

##### **2.3 Omission to Send Notice**

The accidental omission to send a notice of meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, to, or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings at that meeting.

#### **3 Proceedings at General Meetings**

##### **3.1 Quorum**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the Meeting. Subject to the provisions below, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.



### **3.2 If Quorum not Present**

If within five minutes (or such longer interval as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to such day and at such time and place as the Chairman may determine, being not less than ten clear days nor more than 28 days thereafter at such adjourned meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least seven clear days' notice of any meeting adjourned through lack of quorum.

## **4. Voting**

### **4.1 Method of Voting**

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of CA 2006, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy having the right to vote on the resolution; or
- (c) a member or members present in person or by proxy representing not less than one tenth of the voting rights of all the members having the right to vote on the resolution; or
- (d) a member or members present in person or by proxy holding shares conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

### **4.2 Chairman's Declaration Conclusive on Show of Hands**

Unless a poll is duly demanded and the demand is not withdrawn a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive, and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

## **5. Votes of Members**

Subject to the provisions of the CA 2006 and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who is present in person or by proxy or (being a corporation) is present by a duly authorised representative shall on a show of hands have one vote and on a poll shall have one vote for each share of which he is the holder.

## **6. Variation of Class Rights**

### **6.1 Sanction to Variation**

- (a) Subject to the provisions of CA 2006, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the

issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles (but not otherwise).

- (b) The foregoing provisions of this article shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied.

## **6.2 Class Meetings**

All the provisions in the Articles as to general meetings shall mutatis mutandis apply to every meeting of the holders of any class of shares save that:

- (a) the quorum at every such meeting shall be not less than two persons holding or representing by proxy at least one third of the nominal amount paid up on the issued shares of the class;
- (b) every holder of shares of the class present in person or by proxy may demand a poll;
- (c) each such holder shall on a poll be entitled to one vote for every share of the class held by him; and
- (d) if at any adjourned meeting of such holders, such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

## **7. Consolidation and Subdivision**

The Company in general meeting may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares; and
- (b) subject to the provisions of CA 2006, sub-divide its shares or any of them into shares of smaller nominal value and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to new shares.

## **8. Transfer of Shares**

### **8.1 Form of Transfer**

Except as provided in paragraph 8.2 below, each member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it.

### **8.2 Right to Refuse Registration**

- (a) The Board may in its absolute discretion and without giving any reason refuse to register any share transfer unless:
  - (i) it is in respect of a share which is fully paid up;
  - (ii) it is in respect of only one class of shares;
  - (iii) it is in favour of a single transferee or not more than four joint transferees;

- (iv) it is duly stamped (if so required); and
- (v) it is delivered for registration to the Office, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that such discretion may not be exercised in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

## **9. Dividends and Other Payments**

### **9.1 Declaration of Dividends**

Subject to the provisions of CA 2006 and the Articles, the Company may by ordinary resolution declare that out of profits available for distribution dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board.

### **9.2 Entitlement to Dividends**

- (a) Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid pro rata according to the amounts paid up or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly.
- (b) All dividends and interest shall be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by ordinary resolution or the Board may determine, notwithstanding any subsequent transfer or transmission of shares.
- (c) The Board may pay the dividends or interest payable on shares in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.

## **10. Borrowing Powers**

10.1 Subject as provided in the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the provisions of CA 2006, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

10.2 The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiaries so as to procure (as regards its subsidiaries in so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of moneys borrowed by the Group (exclusive of moneys borrowed by one Group (being the Company and its subsidiaries from time to time) company from another) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the Adjusted Capital (as defined below) and Reserves (as defined below). For the purposes of MIG 4, such amount is limited to 0.5 times the Adjusted Capital and Reserves.

10.3 For these purposes only:

- (a) the Adjusted Capital and Reserves means a sum equal to the aggregate from time to time of:
- (i) the amount paid up (or credited as paid up) on the issued share capital of the Company (for the purposes of MIG 2, such amount shall be limited to 90 per cent. of the amount paid up (or credited as paid up) on its issued share capital); and
  - (ii) the amount standing to the credit of the capital and revenue reserves of the Group, whether or not distributable (including without limitation any share premium account, capital redemption reserve fund, and credit or debit balance on any other distributable reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account,  
  
all as shown in the latest audited balance sheet of the Group but after:
    - (iii) making such adjustments as may be appropriate to reflect any variation in the amount of the paid up share capital, the share premium account or the capital redemption reserve or any such reserves (other than the profit and loss account) since the date of the relevant balance sheet and so that if any issue or proposed allotment of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been allotted and the amount of the subscription monies payable in respect of them shall be deemed to have been paid up to the extent so underwritten on the date when the issue of such shares was underwritten;
    - (iv) excluding (so far as not already excluded):
      - (A) amounts attributable to the proportion of the issued equity share capital of any subsidiary which is not attributable directly or indirectly to the Company;
      - (B) any sum set aside for taxation (including deferred taxation) other than for tax equalisation;
    - (v) deducting:
      - (A) sums equivalent to the values of goodwill and other intangible assets shown in the relevant balance sheet; and
      - (B) the amount of any distribution declared, recommended or made by any Group company to a person other than a Group company out of profits accrued up to and including the date of (and not provided for in) the relevant balance sheet.
- (b) moneys borrowed includes:
- (i) the nominal amount of any issued and paid up share capital and the principal amount of any debenture or borrowings of any person together with any fixed or minimum premium payable on redemption, the beneficial interest in which or right to repayment to which is not for the time being owned by a Group company but the payment or repayment of which is the subject of a guarantee or indemnity by a Group company or is secured on the assets of a Group company;
  - (ii) the principal amount raised by any Group company by acceptances or under any acceptance credit;
  - (iii) the principal amount of any debenture (whether secured or unsecured) of any Group company beneficially owned otherwise than by a Group company;

- (iv) the principal amount of any share capital of any subsidiary (not being equity share capital) beneficially owned otherwise than by a Group company;  
but do not include:
    - (v) moneys borrowed by any Group company for the purpose of repaying within 6 months of the whole or any part of any moneys borrowed and then outstanding (including any premium payable on final repayment) of that or any other Group company pending their application for such purpose within that period;
    - (vi) monies borrowed which would otherwise be included in the calculation more than once;
    - (vii) the proportion of moneys borrowed by a Group company (and not owing to another Group company) which is equal to the proportion of its issued equity share capital not attributable directly or indirectly to the Company;
- 10.4 All monies borrowed which fall to be repaid in a currency other than sterling shall be translated into sterling on the same basis as that adopted in the latest audited consolidated balance sheet of the Company or in the case of monies borrowed after the date of such balance sheet at the relevant rate of exchange ruling in London at the time the same was borrowed.
- 10.5 No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by this article shall be invalid or ineffectual unless to the lender or recipient of the security held at the time when the debt was incurred or security express notice that the limit had been or would thereby be exceeded but no lender or other person dealing with the Company shall be concerned to see or enquire whether such limit is observed.
- 10.6 In this paragraph 3, references to "Group" mean the Company and its subsidiaries and subsidiary undertakings for the time being.

## **11. Directors' Interests**

### **11.1 Conflicts of Interest Requiring Board Authorisation**

The Board may, provided the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a Director breaching his duty under CA 2006 to avoid conflicts of interest.

- (a) Any Director (including the Director concerned) may propose that the Director concerned be authorised in relation to any matter the subject of such a conflict. Such proposal and any authority given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board under the provisions of these Articles, except that the Director concerned and any other Director with a similar interest:
  - (i) shall not count towards the quorum at the meeting at which the conflict is considered;
  - (ii) may, if the other members of the Board so decide, be excluded from any Board meeting while the conflict is under consideration; and
  - (iii) shall not vote on any resolution authorising the conflict except that, if he does vote, the resolution will still be valid if it would have been agreed to if his vote had not been counted.
- (b) Where the Board gives authority in relation to such a conflict:
  - (i) the Board may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the Director concerned and any

other Director with a similar interest as it may determine, including, without limitation, the exclusion of that Director and any other Director with a similar interest from the receipt of information, or participation in discussion (whether at meetings of the Board or otherwise) related to the conflict;

- (ii) the Director concerned and any other Director with a similar interest will be obliged to conduct himself in accordance with any terms imposed by the Board from time to time in relation to the conflict;
- (iii) any authority given by the Board in relation to a conflict may also provide that where the Director concerned and any other Director with a similar interest obtains information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;
- (iv) the authority may also provide that the Director concerned, or any other Director with a similar interest, shall not be accountable to the Company for any benefit he receives as a result of the conflict;
- (v) the Board may withdraw such authority at any time.

## **11.2 Director may have Interests**

Subject to the provisions of CA 2006 and the Articles and further provided that a Director has declared his interest, a Director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (b) may hold any other office or place of profit under the Company (except that of Auditor (being the auditor of the Company from time to time) or of auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by itself or through his firm in a professional capacity for the Company and in any such case on such terms as to remuneration and otherwise as the remuneration committee may arrange either in addition to or in lieu of any remuneration provided for by any other article;
- (c) may be a director or other officer, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by or promoting the Company or in which the company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not, by reason of his office, be liable to account to the Company for any remuneration or benefit which he derives from any such office, employment, contract or from any interest in any such body corporate; and no such office, employment or contract, shall be avoided on the grounds of any such interest or benefit.

## **12. Untraced Members**

### **12.1 Power of Sale**

The Company shall be entitled to sell at the best price reasonably obtainable any share of a member or any share to which a person is entitled by transmission if and provided that:

- (a) during the period of 12 years no cheque, order or warrant sent by the Company in a manner authorised by these Articles has been cashed and during such period of 12 years at least three cash dividends have been paid and no dividend has been claimed;
- (b) on or after expiry of the said period of 12 years the Company has given notice of its intention to sell such share by advertisements in both a national daily newspaper published in the United Kingdom and in a newspaper circulating in the area in which the

last known address of such member or person for the service of notices under these Articles appeared;

- (c) during the further period of three months following the date of publication of the said advertisements (or, if published on different dates the later or latest of them) and prior to the exercise of the power of sale so far as the Board is aware the Company has not received any communication in respect of such share from the member or person entitled by transmission; and
  - (d) the Company has given notice to the UK Listing Authority of its intention to make such sale.
- 12.2 To give effect to any sale of shares pursuant to this article the Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the register notwithstanding the absence of any share certificate being lodged in respect of it and may issue a new certificate to the transferee. An instrument of transfer or transfer instruction executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
- 12.3 The net proceeds of sale shall belong to the Company which shall be indebted to the former holder or person entitled by transmission to an amount equal to such net proceeds.

### **13. Capitalisation of Reserves**

The Board may with the authority of an ordinary resolution of the Company:

- (a) subject as provided in this article, resolve to capitalise any profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of share premium account or capital redemption reserve or other undistributable reserve;
- (b) appropriate the sum resolved to be capitalised to the holders of Shares who would then be entitled to it if it were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amount, if any, for the time being unpaid on any share held by them respectively or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those holders of Shares or as they may direct in those proportions or partly in one way and partly in the other provided that:
  - (i) the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to holders of Shares credited as fully paid; and
  - (ii) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time is not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment of it;
- (c) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;

- (d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of it to the Company rather than to the holders of Shares concerned) or by payment in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fractions;
- (e) authorise any person to enter on behalf of all the holders of Shares concerned into an agreement with the Company providing for either:
  - (i) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalisation; or
  - (ii) the payment up by the Company on behalf of such holders by the application to it of their respective proportions of the reserves or profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares,  
  
(any agreement made under such authority being effective and binding on all such holders); and
- (f) generally do all acts and things required to give effect to such resolution.

#### **14. Distribution of Realised Capital Profits**

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the registrar of companies of its intention to carry on business as an investment company (a "Relevant Period") distribution of the Company's capital profits (within the meaning of section 833 of CA 2006) shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to CA 2006, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to CA 2006, any expenses, loss or liability (or provision thereof) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that notwithstanding any other provision of these Articles during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of CA 2006) or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 474(2) of CA 2006) or be applied in paying dividends on any shares in the Company.

#### **15. Winding Up**

In order for the future of the Company to be considered by the members, the Board shall at the annual general meeting of the Company falling after the latter of the fifth anniversary of either (i) the last allotment of shares in the Company or (ii) the last continuation vote held, and thereafter at five yearly intervals, invite the members to consider and debate the future of the Company (including, without limitation, whether the Company should be wound up, sold or unitised) and as soon as practicable following that meeting shall convene a general meeting to propose such resolution as the members attending the annual general meeting may by ordinary resolution require.



**16. Uncertificated Shares**

The Board may make such arrangements as it sees fit, subject to CA 2006, to deal with the transfer, allotment and holding of shares in uncertificated form and related issues.

**17. Indemnity and Insurance**

The Company shall indemnify the directors to the extent permitted by law and may take out and maintain insurance for the benefit of the directors.

## **PART I - MIG**

### **(A) GENERAL INFORMATION**

#### **1 Incorporation and registered office**

- 1.1 The legal and commercial name of MIG is Mobeus Income & Growth VCT plc.
- 1.2 MIG was incorporated and registered in England and Wales as a public company with limited liability on 15 June 2004 registered number 05153931.
- 1.3 MIG was issued with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) on 1 July 2004.
- 1.4 The principal legislation under which MIG operates is CA 2006 and regulations made thereunder.
- 1.5 MIG's registered office and principal place of business is at 30 Haymarket, London SW1Y 4EX. MIG is domiciled in England. MIG does not have, nor has it had since incorporation, any subsidiaries, or employees.
- 1.6 HMRC has granted approval of MIG as a VCT under section 259 of the Tax Act. The business of MIG has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.7 MIG revoked its status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 19 December 2007 for the purpose of paying capital dividends and does not intend to re-apply for such status.
- 1.8 MIG Shares are admitted to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange and have an International Securities Identification Number of GB00B01WL239.
- 1.9 MIG is not regulated by the FCA or an equivalent European Economic Area regulator but it is subject to regulation by HMRC under the VCT rules in order to qualify as a VCT. MIG is, however, an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). In addition, as a premium listed entity on the main market of the London Stock Exchange, MIG is subject to the rules and regulations issued by the UK Listing Authority from time to time. MIG is not otherwise regulated.

#### **2. Share capital**

- 2.1 The authorised share capital of MIG on incorporation was £50,000, divided into 50,000 ordinary shares of £1 each. On incorporation, two ordinary shares were issued fully paid to the subscribers to its Memorandum.
- 2.2 At an extraordinary general meeting held on 30 June 2004, the authorised share capital of MIG (issued and unissued) was subdivided into 5,000,000 MIG Shares of 1p each and the authorised share capital was increased to £500,000 by the creation of 40,000,000 MIG Shares of 1p each and 50,000 redeemable non-voting preference shares of £1 each.
- 2.3 To enable MIG to obtain a certificate under section 117 of CA 1985 (now section 761 of CA 2006), on 30 June 2004, 50,000 redeemable non-voting preference shares of £1 each were allotted by MIG at par for cash, paid up to one quarter of their nominal value. Such redeemable non-voting preference shares were paid up in full and redeemed in full out of the proceeds of the original offer for subscription on 5 October 2004. The authorised but unissued shares so arising were automatically redesignated as MIG

Shares and MIG's articles of association were amended by the deletion of all references to the redeemable non-voting shares and the rights attaching to them pursuant to a special resolution passed on 12 May 2010.

2.4 As at 30 June 2014, the date to which the last unaudited half-yearly financial statements for MIG have been published, the issued share capital of MIG was 60,850,032 MIG shares (all fully paid-up).

2.5 The issued share capital history of MIG since 31 December 2010 is as follows:

- During the financial year ended 31 December 2011, MIG issued 5,508,292 MIG Shares and bought back 2,681,786 MIG Shares. As at 31 December 2011, the issued share capital of MIG comprised 42,606,052 MIG Shares, none of which were held in treasury.
- During the financial year ended 31 December 2012, MIG issued 5,280,531 MIG Shares and bought back 1,940,070 MIG Shares. As at 31 December 2012, the issued share capital of MIG comprised 45,946,513 MIG Shares, none of which were held in treasury.
- During the financial year ended 31 December 2013, MIG issued 18,259,745 MIG Shares and bought back 11,093,693 MIG Shares. As at 31 December 2013, the issued share capital of MIG comprised 53,112,565 MIG Shares, none of which were held in treasury.
- During the current period to 9 December 2014 (being the latest practicable date prior to the publication of this document) MIG issued 8,174,196 MIG Shares and bought back 436,729 MIG Shares.

2.6 At the date of this document, MIG had 60,850,032 MIG Shares in issue (all fully paid up).

2.7 The following resolution of MIG was passed at the annual general meeting of MIG held on 7 May 2014:

- (a) That, in substitution for any existing authorities, MIG was authorised pursuant to and in accordance with section 701 of CA 2006 to make one or more market purchases (within the meaning of section 693(4) of CA 2006) of MIG Shares provided that:
- (i) the maximum aggregate number of MIG Shares authorised to be purchased shall not exceed 9,042,290 or, if lower, such number of MIG Shares (rounded down to the nearest whole share) as shall equal 14.99% of the shares in issue at the date of the passing of the resolution;
  - (ii) the minimum price which may be paid for a MIG Share is one penny (the nominal value thereof);
  - (iii) the maximum price which may be paid for a MIG Share (excluding expenses) shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a MIG Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that MIG Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulations 2003 (EC 2273/2003);
  - (iv) the authority conferred shall (unless renewed, varied or revoked by MIG in a general meeting) expire on the date falling fifteen months after the passing of the resolution, or, if earlier, at the conclusion of the annual general meeting of MIG to be held in 2015; and

- (v) MIG may make a contract or contracts to purchase its own MIG Shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own MIG Shares in pursuance of any such contract.

2.8 The following resolutions of MIG were passed at the general meeting of MIG held on 8 October 2014:

- (a) That, in substitution for any existing authorities, the MIG Directors were generally and unconditionally authorised pursuant to section 551 of CA 2006, to exercise all the powers of MIG to allot MIG Shares and to grant rights to subscribe for or to convert any security into MIG Shares up to an aggregate nominal amount of £330,425, provided that this authority shall expire (unless renewed, revoked, or varied by MIG in a general meeting) on the date falling fifteen months after the passing of the resolution, or, if earlier, at the conclusion of the annual general meeting of MIG to be held in 2015, but so that this authority shall allow MIG to make, before such expiry, offers or agreements which would or might require MIG Shares to be allotted or rights to be granted after such expiry and the MIG Directors are entitled to allot MIG Shares or grant rights pursuant to such offers or agreements as if the authority conferred had not expired.

- (b) That, in substitution for any existing authorities, the MIG Directors were empowered in accordance with sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of CA 2006) for cash either pursuant to the authority given in accordance with section 551 of CA 2006 by paragraph (a) above or by way of a sale of treasury shares as if section 561(1) of CA 2006 did not apply to any such sale or allotment, provided that the power conferred shall be limited to:

- (i) the allotment of equity securities with an aggregate nominal value of up to but not exceeding £300,000 in connection with offer(s) for subscription; and
- (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 5% of the issued MIG Share capital from time to time

in each case where the proceeds of the allotment may be used in whole or in part to purchase MIG Shares in the market and provided that this authority shall expire (unless renewed, revoked or varied by MIG in general meeting), on the date falling fifteen months after the passing of the resolution, or, if earlier, at the conclusion of the annual general meeting of MIG to be held in 2015, except that MIG may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the MIG Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred thereby had not expired.

It is the current intention of the Directors of MIG to renew the authorities set out at paragraphs 2.7 and 2.8 at its annual general meeting convened in 2015.

2.9 There are no other shares or loan capital in MIG in issue or under option or agreed conditionally or unconditionally to be put under option nor does MIG hold shares in treasury.

2.10 Following the issue of MIG Shares pursuant to the MIG Offer (assuming the maximum 22 million MIG Shares are allotted) the issued share capital of MIG is expected to be as follows:

|            | Issued     |            |
|------------|------------|------------|
|            | Number     | £          |
| MIG Shares | 82,850,032 | 828,500.32 |

- 2.11 The MIG Shares are/will be in registered form and no temporary documents of title will be issued. MIG is registered with CREST, a paperless settlement system, and those Shareholders who wish to hold their MIG Shares in electronic form may do so.
- 2.12 MIG will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid in cash) will apply to the balance of the share capital of MIG which is not subject to the disapplication referred to in paragraph 2.7 above.
- 2.13 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), MIG is not aware of any person who, immediately following the issue of the Offer Shares, directly or indirectly, has or will have an interest in the capital of MIG or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more must be notified to MIG).

### 3. Directors' and other interests

- 3.1 The Board of MIG comprises four non-executive directors, all of whom are independent of Mobeus. The Board of MIG has substantial experience of venture capital businesses and has overall responsibility for MIG's affairs, including its investment policy. Mobeus is the investment adviser.
- 3.2 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), the interests of the MIG Directors' (and their immediate families) in the issued share capital of MIG were as follows:

|                | MIG Shares | % of Issued MIG Share capital |
|----------------|------------|-------------------------------|
| Keith Niven    | 48,721     | 0.08%                         |
| Bridget Guérin | 39,275     | 0.06%                         |
| Tom Sooke      | 21,784     | 0.04%                         |
| Catherine Wall | -          | -                             |

- 3.3 Save as set out above, no MIG Director, family member or any person connected with any MIG Director (within the meaning of section 252 of CA 2006) has an interest in the capital of MIG which is or would, immediately following the MIG Offer, be required to be notified pursuant to section 809 of CA 2006 or which is or would be required to be entered in the register maintained under section 809 of CA 2006.
- 3.4 The MIG Directors (other than Catherine Wall) were appointed as directors of MIG on 1 July 2004 under letters of appointment (other than Tom Sooke), which may be terminated on three months' notice. Tom Sooke (trading as CitiCourt Associates) is appointed pursuant to a consultant's agreement dated 1 October 2008 (as amended on 11 December 2012), which is also terminable on three months' notice. Catherine Wall was appointed as a director of MIG on with effect from 1 July 2014 under a letter of appointment dated 7 May 2014. The MIG Directors' appointments do not confer any right to hold office for any period nor any right to compensation if they cease to be directors. The total annual remuneration receivable by Keith Niven as chairman of MIG is £40,000 (plus, if applicable, VAT and employers National Insurance Contributions). The total annual remuneration receivable by Tom Sooke as chairman of the Audit Committee is £35,000, while that receivable by Bridget Guérin is £30,000 as chairman

of the Nomination and Remuneration and Management Engagement Committees and by Catherine Wall is £25,000 (in each case plus, if applicable, VAT and employers National Insurance Contributions). The office of a non-executive director of MIG is not pensionable and no retirement or similar benefits are provided to the MIG Directors. Aggregate MIG Directors' emoluments in respect of qualifying services for the year ended 31 December 2013 amounted to £105,000 (being £40,000 for Keith Niven, £35,000 for Tom Sooke and £30,000 for Bridget Guérin) plus, if applicable, VAT and employers National Insurance Contributions. Aggregate emoluments for the current financial year are expected to be £130,000 (plus, if applicable, VAT and employers National Insurance Contributions).

- 3.5 There are no potential conflicts of interest between the duties of any MIG Director and their private interests and/or other duties.
- 3.6 No MIG Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of MIG and which was effected by MIG in the years ended 31 December 2011, 2012 and 2013 or to the date of this document in the current financial year and remains in any respect outstanding or unperformed.
- 3.7 No loan or guarantee has been granted or provided by MIG to or for the benefit of any of the MIG Directors.
- 3.8 MIG has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.9 The MIG Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 12 to 14.
- 3.10 No MIG Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.11 Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the MIG Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager, during the previous five years.
  - (a) All of the MIG Directors (other than Catherine Wall) were directors of Matrix Income & Growth 3 VCT plc which was placed into members' voluntary liquidation on 20 May 2010 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with MIG. Matrix Income & Growth 3 VCT plc was neither insolvent nor owed any amounts to creditors at the time of its dissolution in October 2011.
  - (b) Keith Niven was also a director of Advance UK Trust plc, which entered into members' voluntary liquidation on 15 March 2010. Advance UK Trust plc was neither insolvent nor owed any amounts to creditors as at the date of this document.
  - (c) Tom Sooke was also a director of Braxxon Technology Limited which was voluntarily struck off the Register of Companies. Braxxon Technology Limited was neither insolvent nor owed any amounts to creditors at the time of its dissolution in May 2011. Tom Sooke was a director of Committed Capital VCT plc which was also voluntarily struck off the Register of Companies. Committed Capital VCT plc was neither insolvent nor owed any amounts to creditors at the time of its dissolution in January 2013.

- (d) Bridget Guérin was a director of Meaujo (764) Limited and Meaujo (765) Limited which were voluntarily struck off the Register of Companies. Neither Meaujo (764) Limited nor Meaujo (765) Limited were insolvent or owed any amounts to creditors at the time of their dissolution in April 2012. Bridget Guérin was also a director of Matrix Group Limited until her resignation in December 2009. The company subsequently entered into administration in November 2012. The administration ended in July 2013 and the company was subsequently placed into creditors' voluntary liquidation on 2 July 2013. The latest liquidator's progress report dated 28 August 2014 for the period ended 1 July 2014, provided that the company had no secured creditors and had an estimated £285,756.13 outstanding to unsecured creditors. There are sufficient realisations expected to enable a distribution to unsecured creditors, however as at 1 July 2014, it was not possible to estimate quantum or timings of such distributions. Bridget Guérin was also a director of Matrix-Securities Limited until her resignation in December 2009. The company subsequently entered into administration in November 2012. The administration ended in July 2013 and the company was subsequently placed into creditors' voluntary liquidation on 2 July 2013. The latest liquidator's progress report dated 28 August 2014 for the period ended 1 July 2014, provided that the company had no secured creditors and had an estimated £33.6 million outstanding to unsecured creditors. It is anticipated that there will be sufficient realisations to enable a distribution to preferential creditors and unsecured creditors but it was not possible at the time of the report to estimate the quantum or timing of such distributions. In addition, Matrix Group Limited guaranteed two leases in the name of Matrix-Securities Limited over a property. A further claim from the landlord, in respect of both Matrix Group Limited and Matrix-Securities Limited's liability under the guarantee, is expected in due course. Bridget Guérin was also a director of Matrix Money Management Limited until her resignation in March 2011. The company was subsequently placed into creditors' voluntary liquidation on 3 December 2012. The latest liquidator's progress report dated 30 January 2014 for the period ended 2 December 2013, provided that the company had no secured creditors and had outstanding unsecured non-preferential creditors' claims estimated to be approximately £119,000. Any prospect of a return to unsecured creditors is wholly dependent on the recovery, if any, of a claim by Matrix Money Management Limited in the liquidation of Matrix-Securities Limited but the liquidators were unable to comment about the prospects of such return at the time of the report.
- (e) Catherine Wall was a director of Greenfinch Investment Services Limited, which never traded and was voluntarily struck off the Register of Companies.

3.12 There has been no official public incrimination and/or sanction of any MIG Director by statutory or regulatory authorities (including designated professional bodies) and no MIG Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

#### **4. Management and administration**

4.1 The MIG Directors, advised by Mobeus, are responsible for the determination of the investment policy and have overall responsibility for its affairs. The MIG Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of MIG. Mobeus has been appointed as investment adviser, providing investment advisory, administrative and company secretarial services to MIG on the terms set out at paragraphs 5.1 and 5.2 below. The existing management agreement set out at paragraph 5.1 below will automatically cover the management and fees in relation to the new funds raised by MIG pursuant to the MIG Offer and the performance incentive arrangements set out in paragraph 5.2 will also automatically extend to such funds.

4.2 As is customary in the private equity industry, Mobeus may retain for its own benefit and without liability to account to MIG, subject to full disclosure having been made to the

MIG Directors, arrangement fees which it receives in connection with any unquoted investment made by MIG. It may also receive all monitoring fees or directors' fees charged to investee companies. Costs incurred on abortive investment proposals will be the responsibility of Mobeus.

- 4.3 Mobeus is responsible for the determination and calculation of MIG's net asset value, which is prepared quarterly for approval by MIG Directors. All unquoted investments are valued in accordance with IPEVC Valuation Guidelines under which investments are held at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. MIG's net asset value will be calculated quarterly and published on an appropriate regulatory information service.

If, at any time, MIG's VCT status is lost, dealing in its shares and valuation of MIG's net asset value will normally be suspended, which will be communicated to shareholders on an appropriate regulatory information service until such time as proposals to continue as a VCT or to be wound up have been further announced. The MIG Directors do not anticipate any other circumstance under which valuations may be suspended.

- 4.4 MIG expects to co-invest with the other VCT funds advised by Mobeus, participating in equity investments up to £5 million in aggregate, as long as the business has not received funds from any state-aided risk capital in the 12 months prior to the date of investment.

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

When MIG has insufficient funds available to satisfy its allocation, the balance shall be offered to one or more of the funds advised by Mobeus who have funds available for new investments pro rata as between themselves.

Any variation from this co-investment policy, insofar as it affects MIG or where MIG makes any investment not at the same time and on the same terms as that made by other funds advised by Mobeus, may only be made with the prior approval of the MIG Directors.

Save for the above, there are no material potential conflicts of interest which Mobeus may have as between its duty to MIG and duties owed by them to third parties and their interests.

- 4.5 PricewaterhouseCoopers LLP receives an annual fee of up to £10,000 plus VAT for providing advice and assistance in relation to the maintenance of the VCT status of MIG. If requested by MIG, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of MIG to ensure continuing compliance.
- 4.6 MIG has and will continue to have custody of its own assets:
- MIG's monetary assets will be held in bank accounts and/or money market accounts in MIG's own name; and



- MIG's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in MIG's own name.
- 4.7 A maximum of 75% of MIG's management expenses will be charged against capital with the balance to be met from income.
- 4.8 The members of the audit committee of MIG are Tom Sooke (chairman), Keith Niven , Catherine Wall and Bridget Gu  rin. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:
- monitoring the integrity of the financial statements of MIG;
  - reviewing MIG's internal control and risk management systems;
  - making recommendations to the MIG Directors in relation to the appointment of the external auditor;
  - reviewing and monitoring the external auditor's independence;
  - implementing and reviewing MIG's policies on the engagement of the external auditor to supply non-audit services; and
  - reviewing and assessing the external audit process.
- 4.9 Tom Sooke has been appointed as the senior independent director of the Company. Shareholders may contact the senior independent director if they have concerns which contact through the Chairman or Mobeus has failed to resolve or for which such contact is inappropriate.
- 4.10 The members of the nomination and remuneration committee of MIG are Bridget Gu  rin (chairman), Keith Niven, Catherine Wall and Tom Sooke. The nomination and remuneration committee members (who have responsibility for reviewing the remuneration of the MIG directors) will meet at least annually to consider the levels of remuneration of the MIG directors, specifically reflecting the time commitment and responsibilities of the role. The committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The nomination and remuneration committee also meets at least annually to consider the composition and balance of skills, knowledge and experience of the MIG directors and would make nominations to the MIG directors in the event of a vacancy. New MIG directors are required to resign at the annual general meeting following appointment and then thereafter every three years. New directors are provided with an induction pack and an induction session is arranged in conjunction with the Board and Mobeus.
- 4.11 The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (formerly the Combined Code) an updated version of which was issued by the Financial Reporting Council in September 2014 for all companies who are now operating in financial years on or after 29 June 2010.

The MIG Board has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to MIG.

The Financial Reporting Council has confirmed that in complying with the AIC Code, MIG meets its obligations in relation to the UK Corporate Governance Code and the Listing Rules. The MIG Board considers that reporting against the principles and

recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

For the year ended 31 December 2013 and as at the date of this document, MIG has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except where noted below. There are certain areas of the UK Corporate Governance Code that the AIC does not consider relevant to investment companies and with which MIG does not specifically comply, of which the AIC Code provides dispensation. The areas and reasons for non-compliance are as follows:

- in light of the responsibilities retained by the MIG Board and its committees and of the responsibilities delegated to Mobeus, MIG has not appointed a chief executive officer or executive directors; and
- due to the systems and procedures of Mobeus, the provision of VCT tax monitoring services by PricewaterhouseCoopers LLP, as well as the size of MIG's operations, the MIG Board believe that an internal audit function is not appropriate.

MIG has not, therefore, reported further in respect of these provisions.

## **5 Material contracts**

Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by MIG in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which MIG has an obligation or entitlement which is material to MIG as at the date of the document.

- 5.1 An investment management agreement dated 20 May 2010 between MIG (1), Mobeus (2) and Matrix-Securities Limited (3), pursuant to which Mobeus provides certain investment management, secretarial and accountancy services to MIG for a fee payable quarterly in advance of an amount equal to 2% per annum of net assets (inclusive of VAT, if any) plus an annual fixed fee of £120,000 (inclusive of VAT, if any) subject to increase in the Retail Price Index. In 2013, Mobeus agreed in 2013 to waive such further increases until otherwise agreed with the MIG Board. The agreement is terminable by either party on 12 months' notice by any party subject to earlier termination by any party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by MIG if it fails to become, or ceases to be, a VCT for tax purposes or where Mobeus ceases to be authorised by the FCA or if there is a change in control of Mobeus. The agreement contains provisions indemnifying Mobeus against any liability not due to its default, gross negligence, fraud or breach of FSMA.
- 5.2 A performance incentive agreement dated 9 July 2004 between MIG (1) and Mobeus (2), which was novated to Mobeus (then Matrix Private Equity Partners LLP) pursuant to a novation agreement dated 20 October 2006 and as amended by a deed of variation dated 20 May 2010, pursuant to which Mobeus is entitled to receive performance related incentive fees subject to achieving certain defined targets.

Under the current performance incentive agreement, Mobeus is entitled to receive performance incentive fees of an amount equal to 20% of subsequent cash distributions made to MIG Shareholders in each financial year (whether by dividend or otherwise from 20 May 2010) over and above a target return of dividends declared and paid in a financial year of 6.95p per MIG Share per annum (index linked), subject to the maintenance of a NAV per MIG Share of 98.44p. The performance incentive fee is payable annually and any cumulative shortfalls against the annual target return have to be made up before any entitlement arises. The current cumulative dividend shortfall (ignoring the RPI increase for the current year) is 1.69p. No performance incentive fee

has been paid to date.

The agreement will terminate automatically if MIG enters into liquidation or if a receiver or administrator is appointed or if a resolution is passed that MIG is voluntarily wound up in accordance with the MIG Articles.

- 5.3 A letter of engagement dated 7 October 2013 from Howard Kennedy pursuant to which Howard Kennedy was appointed as sponsor to the Companies in connection with the 2013 Offer. The Companies agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.
- 5.4 An offer agreement dated 27 November 2013 between the Companies (1), the Directors (2), Mobeus (3) and Howard Kennedy (4) whereby Mobeus agreed to act as promoter in connection with the 2013 Offer and Howard Kennedy has agreed to act as sponsor in connection with the 2013 Offer. The agreement contains warranties given by the Companies and the MIG Directors to Mobeus and given by the Companies, the MIG Directors and Mobeus to Howard Kennedy. The agreement contains warranties given by MIG, MIG 2, MIG 4 and I&G and the MIG Directors to Mobeus and given by MIG, MIG 2, MIG 4 and I&G, the MIG Directors and Mobeus to Howard Kennedy. The Companies agreed to pay Mobeus a commission of 3.25% of the Investment Amount on each application received and accepted under the Offer out of which it paid all costs, charges and expenses of or incidental to the Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).
- 5.5 A letter of engagement dated 19 November 2014 from Howard Kennedy pursuant to which Howard Kennedy has been appointed as sponsor to the Companies in connection with the Offers. The Companies have agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.
- 5.6 An offers' agreement dated 10 December 2014 between MIG (1), MIG 2 (2), MIG 4 (3), I&G (4), the Directors (5), Howard Kennedy (6) and Mobeus (7) whereby Mobeus has agreed to act as promoter in connection with the MIG Offer and Howard Kennedy has agreed to act as sponsor in connection with the MIG Offer. The agreement contains indemnities and warranties given by MIG and the MIG Directors respectively to Mobeus and Howard Kennedy. The indemnities relate to any loss suffered by Mobeus or Howard Kennedy in respect of their roles as promoter and sponsor which is customary in an agreement of this nature. MIG has agreed to pay Mobeus a commission of an amount representing 3.25% of the Investment Amounts in respect of applications accepted under the MIG Offer, less (i) an amount equal to the Early Investment Incentive discount in respect of such applications and less (ii) any 'execution only' initial commission offered by Mobeus in respect of such applications, but waived by the 'execution only' intermediary concerned, and less (iii) any additional amounts by which Mobeus has agreed to reduce its fees further (in whole or part) in respect of such applications (such amount being inclusive of VAT), out of which will be paid all costs, charges and expenses of or incidental to the Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).
- 5.7 A side letter dated 10 December 2014 between Mobeus and MIG whereby MIG has agreed to (i) make a payment to Mobeus of £250,000 (inclusive of VAT, if any), such payment to be conditional on the approval of MIG Shareholders (the general meeting relating to such approval to be convened within two months following the close of the MIG Offer) and the requirements of the Listing Rules and (ii) to consider implementing a revised performance incentive agreement between MIG and Mobeus, such agreement to be similar to that currently in place, reflective of total return performance and effective from 1 January 2015, such revised agreement to be conditional on the approval of the MIG Shareholders (the general meeting relating to such approval to be convened within

two months following the close of the MIG Offer) and subject to the requirements of the Listing Rules.

## **6 Objective and investment policy**

### **6.1 Objective**

The objective of MIG is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns.

### **6.2 Investment policy**

MIG's policy is to invest primarily in a diversified portfolio of UK unquoted companies. Investments are usually structured as part loan and part equity in order to receive regular income and to generate capital gains from realisations.

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

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

#### ***VCT Regulation***

The investment policy is designed to ensure that MIG continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, MIG may not invest more than 15% of its investments in a single company or group of companies and must have at least 70% by value of its investments throughout the period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% by value (70% for funds raised on or after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). MIG can invest less than 30% by value (70% for funds raised on or after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

#### ***UK Companies***

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

#### ***Asset Mix***

MIG holds its liquid funds in a portfolio of readily realisable, interest bearing investments and deposits. The investment portfolio of qualifying investments has been built up over time with the aim of investing and maintaining 80% of net funds raised in qualifying investments.

#### ***Risk diversification and maximum exposures***

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to maximise the amount which may be invested in loan stock .

#### ***Co-investment***

MIG aims to invest in larger, more mature unquoted companies through investing alongside three other VCTs advised by Mobeus with a similar investment policy. This enables MIG to participate in combined investments by Mobeus of up to £5 million in

aggregate.

### **Borrowing**

MIG's Articles permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein). MIG has never borrowed and the MIG Board has no current plans to undertake any borrowing.

### **Management**

The MIG Board has overall responsibility for MIG's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by Mobeus and are then subject to formal approval by the MIG Directors.

- 6.3 It is the intention of the MIG Directors that MIG will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.4 MIG is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part Ten of the Securities Note, and in the Listing Rules which specify that (i) MIG must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6.2 above; (ii) MIG must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) MIG may not invest more than 10%, in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of MIG will require the approval of MIG Shareholders pursuant to the Listing Rules. MIG intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:
- (a) MIG's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
  - (b) MIG will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - (c) none of the investments at the time of acquisition will represent more than 15% by VCT Value of MIG's investments; and
  - (d) not more than 20% of MIG's gross assets will at any time be invested in the securities of property companies.
- 6.5 Mobeus has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type which MIG proposes to make. The MIG Directors will also ensure that the board of MIG and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.6 In the event of a breach of the investment restrictions which apply to MIG as described in paragraph 6.2 above, Shareholders of MIG will be informed by means of the half-yearly and/or the annual report or through a public announcement.
- 6.7 The MIG Directors act and will continue to act independently of Mobeus. No majority of the MIG Directors will be directors or employees of, or former directors or employees of, or professional advisers to, Mobeus or any other company in the same group as Mobeus.
- 6.8 The investment policy as set out in this paragraph 6 above, in the absence of unforeseen circumstances, will be adhered to by MIG for at least three years following the date of close of the MIG Offer. Any material change to MIG's investment policy in

any event will only be made with the approval of the Shareholders of MIG by ordinary resolution.

## **7 Related party disclosures**

Related party transactions for MIG undertaken in the three financial years ended 31 December 2011, 2012 and 2013 are set out in the respective audited report and accounts for those year ends, which, together with the unaudited half-yearly report for the six month period ended 30 June 2014, are incorporated by reference: in Notes 5 and 22 on pages 39 and 54 for the year ended 31 December 2011, on page 19 and in Note 3 on pages 35 and 36 for the year ended 31 December 2012, in Note 3 on pages 46 and 47 for the year ended 31 December 2013 and in paragraph (d) of the responsibility statement of the Chairman's Letter on page 13 for the half year to 30 June 2014. Apart from the payment of the MIG Directors' remuneration on the basis set out in paragraph 3.4 above, investment management, administration and performance incentive fees as set out in paragraphs 5.1 and 5.2 above, and the promotion fees as set out in paragraph 5.4 above there have been no other related party arrangements in the current year to the date of this document. Save for the entering into of the offer agreement as set out in paragraph 5.6 above, MIG has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 June 2014.

## **8 Overseas investors**

The issue of Offer Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such investors should inform themselves about and observe any legal requirements, in particular:

- 8.1 none of the Offer Shares have been or will be registered under the United States Securities Act 1933, as amended, ("the Securities Act") or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;
- 8.2 the Companies are not registered under the United States Investment Company Act of 1940, as amended and investors are not entitled to the benefits of that Act; and
- 8.3 no offer is being made, directly, under the MIG Offer, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of Offer Shares, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## **9 Taxation**

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the MIG Directors as to the position of the Companies' Shareholders who hold MIG Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by MIG when it pays a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - MIG has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the MIG Shares. MIG has been

advised that the transfer of MIG Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.

- 9.3 Close company - the MIG Directors believe that MIG is not, and expect that following completion of the MIG Offer will not be, a close company within the meaning of the Tax Act. If MIG were a close company in any accounting period, approval as a Venture Capital Trust would be withdrawn.

## **10 Miscellaneous**

- 10.1 There has been no significant change in the financial or trading position of MIG since 30 June 2014, the date to which the last unaudited half-yearly financial statements for MIG have been published.
- 10.2 Mobeus is the promoter of the MIG Offer and, save as disclosed in paragraph 5 above, no amount of cash, securities or benefits has been paid, issued or given to the promoter and none is intended to be paid, issued or given.
- 10.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which MIG is aware) during the period from the incorporation of MIG which may have or had in the recent past significant effects on MIG's financial position or profitability.
- 10.4 There are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect MIG's operations.
- 10.5 The issue costs payable by MIG under the MIG Offer (including irrecoverable VAT) will be an amount equal to 3.25% of the Investment Amount in respect of each application accepted under the MIG Offer plus annual trail commission and any amounts due from MIG to the investor in connection with the facilitation of initial financial adviser charges. Assuming that the MIG Offer is fully subscribed and ignoring annual trail commission, the maximum expenses and the minimum net proceeds will be £487,500 and £14,512,500 respectively. The issue premium on a MIG Share issued pursuant to the MIG Offer will be the difference between the issue price of that share and the nominal value thereof of 1p.
- 10.6 MIG's capital resources are restricted insofar as they may only be used in putting into effect the investment policy described in paragraph 6.2 above.
- 10.7 MIG does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the MIG Directors, MIG is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of MIG.
- 10.8 MIG and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.9 The typical investor for whom investment in MIG is designed is a retail investor who is a UK taxpayer, aged 18 or over and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risk factors set out at the beginning of this document and be willing to retain the investment for at least five years.

10.10 BDO LLP acts as auditor to MIG. BDO LLP is registered to carry on audit work and is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.

10.11 Howard Kennedy has given and not withdrawn its written consent to the issue of the Prospectus and the inclusion of its name and the references to it in the Prospectus in the form and context in which they appear.

## **(B) ANALYSIS OF THE INVESTMENT PORTFOLIO**

All of MIG's investments as at the date of this document, which are analysed below, are in the UK and are valued in sterling.

| <b>Sector</b>                      | <b>% by cost</b> | <b>% by value</b> |
|------------------------------------|------------------|-------------------|
| Support Services                   | 41.5             | 49.4              |
| General Retailers                  | 18.8             | 19.7              |
| Technology, hardware and equipment | 1.1              | 1.2               |
| Software and computer services     | 4.2              | 4.5               |
| Construction                       | 6.9              | 0.3               |
| Media                              | 7.0              | 7.7               |
| Personal goods                     | 4.7              | 0.0               |
| Acquisition vehicles               | 6.4              | 6.8               |
| Healthcare equipment and services  | 0.9              | 1.3               |
| General Industrials                | 3.7              | 4.0               |
| Fixed Line Telecommunications      | 4.8              | 5.1               |

| <b>Type</b>                               | <b>% by cost</b> | <b>% by value</b> |
|---|------------------|-------------------|
| Unlisted ordinary shares                  | 16.8             | 13.3              |
| Unlisted loan stock and preference shares | 40.7             | 42.4              |
| Listed ordinary shares                    | 0.5              | 0.8               |
| Cash/liquidity                            | 42.0             | 43.5              |

Save for realisations of Ingleby (1879) Limited (trading as EMaC), Focus Pharma Holdings Limited and Youngman Group Limited for net cash of £4.10 million, £2.48 million and £1.62 million respectively, loan repayments by Fullfield Limited of £61,000, share repayment by Tharstern Group Limited of £11,000, an additional loan to Gro-Group Holdings of £47,000, an investment of £1.41 million in Leap New Co Limited (trading as Ward Thomas Removals), an investment of £0.62 million in Aussie Man & Van Limited and a further investment of £1.03 million in ASL Technology Holdings Limited, there has been no material change to the valuations used to prepare the above analysis (30 September 2014) being the date on which those unaudited valuations were undertaken).

## **(C) FINANCIAL INFORMATION**

MIG has produced annual statutory accounts for the three financial years ended 31 December 2011, 2012 and 2013, and the half-yearly reports for the six month periods ended 30 June 2013 and 2014. The auditors, PKF (UK) LLP (as now acquired by BDO LLP of 55 Baker Street, London W1U 7EU) in respect of the financial years ended 31 December 2011 and 2012 and BDO LLP in respect of the financial year ended 31 December 2013 have reported on the annual statutory accounts without qualification and without statements under sections 495 to 497A of CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture



Capital Trusts'. The annual reports contain a description of MIG's financial condition, changes in financial condition and results of operation for each relevant financial year and, together with the half-yearly report for the six month period ended 30 June 2013 and 2014, are being incorporated by reference and can be accessed at the following website:

[www.migvct.co.uk](http://www.migvct.co.uk)

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. The two tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

| <b>Description</b>   | <b>2011 Annual Report</b> | <b>2012 Annual Report</b> | <b>2013 Annual Report</b> | <b>2013 Half-Yearly Report</b> | <b>2014 Half-Yearly Report</b> |
|--|---------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|
| Balance Sheet  | Page 33                   | Page 30                   | Page 41                   | Page 13                        | Page 16                        |
| Income Statement (or equivalent)                             | Page 32                   | Page 29                   | Page 40                   | Pages 11 to 12                 | Pages 14 to 15                 |
| Statement showing all changes in equity (or equivalent note) | Page 34                   | Page 31                   | Page 42                   | Page 14                        | Page 17                        |
| Cash Flow Statement  | Page 35                   | Page 32                   | Page 43                   | Page 15                        | Page 18                        |
| Accounting Policies and Notes                                | Pages 36 to 54            | Pages 33 to 52            | Pages 44 to 62            | Pages 16 to 20                 | Pages 19 to 23                 |
| Auditor's Report   | Page 31                   | Page 28                   | Page 38                   | N/A                            | N/A                            |

This information has been prepared in a form consistent with that which will be adopted in MIG's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

| <b>Description</b>   | <b>2011 Annual Report</b> | <b>2012 Annual Report</b> | <b>2013 Annual Report</b> | <b>2013 Half-Yearly Report</b> | <b>2014 Half-Yearly Report</b> |
|----------------------|---------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|
| Objective            | Inside front cover        | Inside front cover        | Page 4                    | Inside front cover             | Inside front cover             |
| Performance Summary  | Pages 2 to 4              | Pages 2 to 3              | Pages 5 to 9              | Page 1                         | Pages 1 to 2                   |
| Results & Dividend   | Page 18                   | Page 17                   | Page 24                   | Page 1                         | Page 1                         |
| Investment Policy    | Page 1                    | Page 1                    | Page 20                   | Page 6                         | Page 6                         |
| Chairman's Statement | Pages 5 to 7              | Pages 4 to 6              | Pages 2 to 3              | Pages 2 to 4                   | Pages 3 to 5                   |
| Manager's Review     | Pages 8 to 13             | Pages 7 to 12             | Pages 10 to 12            | Pages 7 to 8                   | Pages 7 to 9                   |
| Portfolio Summary    | Pages 14 to 15            | Pages 13 to 14            | Pages 17 to 19            | Pages 9 to 10                  | Pages 10 to 12                 |
| Valuation Policy     | Page 36                   | Page 33                   | Page 44                   | Page 16                        | Page 19                        |

Certain financial information of MIG is also set out below:

|  | <b>Year ended<br/>31<br/>December<br/>2011<br/>(audited)</b> | <b>Year ended<br/>31<br/>December<br/>2012<br/>(audited)</b> | <b>Year ended<br/>31<br/>December<br/>2013<br/>(audited)</b> | <b>Six month<br/>period<br/>ended 30<br/>June 2013<br/>(unaudited)</b> | <b>Six month<br/>period<br/>ended 30<br/>June 2014<br/>(unaudited)</b> |
|--|--|--|--|--|--|
| Investment income                                  | £1,681,991   | £1,785,771   | £3,459,318   | £1,816,882   | £2,111,620   |
| Profit/loss on ordinary activities before taxation | £1,663,621   | £4,334,345   | £7,579,493   | £4,595,983   | £7,926,708   |
| Earnings per MIG Share                             | 3.89p  | 9.55p  | 13.97p   | 8.75p  | 13.45p   |
| Dividends paid per MIG Share                       | 5.5p   | 11.3p  | 6.0p   | 2.0p   | 3.25p  |
| Total assets                                       | £40,957,212  | £43,288,523  | £54,726,734  | £54,395,050  | £68,474,117  |
| NAV per MIG Share                                  | 95.6p  | 94.2p  | 102.2p   | 100.7p   | 111.6p   |

As at 30 June 2014, the date to which the most recent unaudited half-yearly financial statements on MIG were published, MIG had unaudited net assets of £67.9 million. As at 30 September 2014, MIG had unaudited net assets of £58.1 million.

## **PART II – MIG 2**

### **(A) GENERAL INFORMATION**

#### **1 Incorporation and registered office**

- 1.1 The legal and commercial name of MIG 2 is Mobeus Income & Growth 2 VCT plc.
- 1.2 MIG 2 was incorporated and registered in England and Wales as a public company with limited liability on 8 March 2000 registered number 03946235.
- 1.3 MIG 2 was issued with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) on 14 April 2000.
- 1.4 The principal legislation under which MIG 2 operates is CA 2006 and regulations made thereunder.
- 1.5 MIG 2's registered office and principal place of business is at 30 Haymarket, London SW1Y 4EX. MIG 2 is domiciled in England. MIG 2 does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.6 HMRC has granted approval of MIG 2 as a VCT under section 259 of the Tax Act. The business of MIG 2 has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.7 MIG 2 revoked status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 22 June 2005 for the purposes of paying a capital dividend and does not intend to re-apply for such status.
- 1.8 MIG 2 Shares are admitted to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange and have an International Securities Identification Number of GB00B0LKLZ05.
- 1.9 MIG 2 is not regulated by the FCA or an equivalent European Economic Area regulator but it is subject to regulation by HMRC under the VCT rules in order to qualify as a VCT. MIG 2 is, however, an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). In addition, as a premium listed entity on the main market of the London Stock Exchange, MIG 2 is subject to the rules and regulations issued by the UK Listing Authority from time to time. MIG 2 is not otherwise regulated.

#### **2. Share capital**

- 2.1 The authorised share capital of MIG 2 on incorporation was £50,000, divided into 50,000 ordinary shares of £1 each. On incorporation, two ordinary shares were issued fully paid to the subscribers to its Memorandum.
- 2.2 At an extraordinary general meeting held on 14 April 2000, the authorised share capital of MIG 2 was increased to £350,000 by the creation of 300,000 ordinary shares of £1 each. The increased authorised share capital of MIG 2 (issued and unissued) of £350,000 was then subsequently subdivided into 30,000,000 MIG 2 ordinary shares of 1p each and 50,000 redeemable non-voting preference shares of £1 each.
- 2.3 To enable MIG 2 to obtain a certificate under section 117 of CA 1985 (now section 761 of CA 2006), on 14 April 2000, 50,000 redeemable non-voting preference shares of £1 each were allotted by MIG 2 at par for cash, paid up to one quarter of their nominal value. Such redeemable non-voting preference shares were paid up in full and redeemed in full out of the proceeds of the original offer for subscription. The authorised but unissued shares so arising were automatically redesignated as MIG 2 ordinary

shares of 1p each and MIG 2's articles of association were amended by the deletion of all references to the redeemable non-voting shares and the rights attaching to them.

2.4 As at 31 March 2014, the date to which the last audited annual financial statements for MIG 2 have been published, the issued share capital of MIG 2 was 28,062,140 MIG 2 shares (all fully paid-up).

2.5 The issued share capital history of MIG 2 since 30 April 2011 is as follows:

- During the financial year ended 30 April 2012, MIG 2 issued no MIG 2 Shares and bought back 1,010,299 MIG 2 Shares. As at 30 April 2012, the issued share capital of MIG 2 comprised 24,847,465 MIG 2 Shares, none of which were held in treasury.
- During the financial year ended 30 April 2013, MIG 2 issued no MIG 2 Shares and bought back 776,749 MIG 2 Shares. As at 30 April 2013, the issued share capital of MIG 2 comprised 24,070,716 MIG 2 Shares, none of which were held in treasury.
- During the eleven month period ended 31 March 2014, MIG 2 issued 4,738,760 MIG 2 Shares and bought back 747,336 MIG 2 Shares. As at 31 March 2014, the issued share capital of MIG 2 comprised 28,062,140 MIG 2 Shares, none of which were held in treasury.
- During the current period to 9 December 2014 (being the latest practicable date prior to the publication of this document) MIG 2 issued 2,434,970 MIG 2 Shares and bought back 500,193 MIG 2 Shares.

2.6 At the date of this document, MIG 2 had 29,996,317 MIG 2 Shares in issue (all fully paid up).

2.7 The following resolutions of MIG 2 were passed at the annual general meeting of MIG 2 held on 11 September 2014:

- (a) That, in substitution for any existing authorities, the MIG 2 Directors were generally and unconditionally authorised pursuant to section 551 of CA 2006, to exercise all the powers of MIG 2 to allot MIG 2 Shares and to grant rights to subscribe for, or to convert, any security into MIG 2 Shares up to an aggregate nominal value of £160,994, provided that this authority shall expire (unless renewed, revoked or varied by MIG 2 in a general meeting) on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of MIG 2 to be held in 2015 but so that this authority shall allow MIG 2 to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry and the MIG 2 Directors shall be entitled to allot Shares or grant rights pursuant to any such offer or agreements as if the authority had not expired.
- (b) That, in substitution for any existing authorities, the MIG 2 Directors were empowered in accordance with sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (as defined in section 560 (1) of CA 2006) for cash, either pursuant to the authority conferred upon them by paragraph (a) above or by way of a sale of treasury shares as if section 561(1) of CA 2006 did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:
  - (i) the allotment and issue of equity securities up to an aggregate nominal value representing £100,000 in connection with offer(s) for subscription;
  - (ii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued MIG 2 Share capital from time

to time pursuant to any dividend investment scheme operated by MIG 2; and

- (iii) the allotment, otherwise than pursuant to subparagraphs (i) and (ii) above, of equity securities with an aggregate nominal value of up to, but not exceeding 10% of the issued MIG 2 Share capital from time to time

in each case where the proceeds may be used, in whole or in part, to purchase MIG 2 Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by MIG 2 in a general meeting) on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of MIG 2 to be held in 2015, except that MIG 2 may, before the expiry of this authority, make offers or agreements before the expiry of such authority make offers or agreements which would or might require equity securities to be allotted after such expiry and the MIG 2 Directors may allot equity securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

- (c) That, in substitution for any existing authorities, MIG 2 was authorised pursuant to and in accordance with section 701 of CA 2006 to make one or more market purchases (within the meaning of section 693(4) of CA 2006) of MIG 2 Shares provided that:
  - (i) the aggregate number of MIG 2 Shares which may be purchased shall not exceed 4,571,516 or, if lower, such number of MIG 2 Shares (rounded to the nearest whole MIG 2 Share) as represents 14.99% of the issued MIG 2 share capital at that time;
  - (ii) the minimum price which may be paid for a MIG 2 Share is one penny (the nominal value thereof);
  - (iii) the maximum price which may be paid for a MIG 2 Share (excluding expenses) shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a MIG 2 Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the MIG 2 Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
  - (iv) the authority conferred by this resolution shall (unless renewed, varied or revoked by MIG 2 in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of MIG 2 to be held in 2015; and
  - (v) MIG 2 may make a contract or contracts to purchase its own MIG 2 Shares under the above authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own MIG 2 Shares in pursuance of any such contract.

It is the current intention of the Directors of MIG 2 to renew these authorities at its annual general meeting convened in 2015.

- 2.8 There are no other shares or loan capital in MIG 2 in issue or under option or agreed conditionally or unconditionally to be put under option nor does MIG hold shares in treasury.
- 2.9 Following the issue of MIG 2 Shares pursuant to the MIG 2 Offer (assuming the maximum 10 million MIG 2 Shares are allotted) the issued share capital of MIG 2 is expected to be as follows:

|              | Issued     |            |
|--------------|------------|------------|
|              | Number     | £          |
| MIG 2 Shares | 39,996,317 | 399,963.17 |

- 2.10 The MIG 2 Shares are/will be in registered form and no temporary documents of title will be issued. MIG is registered with CREST, a paperless settlement system, and those Shareholders who wish to hold their MIG Shares in electronic form may do so.
- 2.11 MIG 2 will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid in cash) will apply to the balance of the share capital of MIG 2 which is not subject to the disapplication referred to in paragraph 2.13 above.
- 2.12 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), MIG 2 is not aware of any person who, immediately following the issue of the Offer Shares, directly or indirectly, has or will have an interest in the capital of MIG 2 or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more must be notified to MIG 2).

### 3. Directors' and other interests

- 3.1 The Board of MIG 2 comprises four non-executive directors, all of whom are independent of Mobeus. The Board of MIG 2 has substantial experience of venture capital businesses and has overall responsibility for MIG 2's affairs, including its investment policy. Mobeus is the investment adviser.
- 3.2 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), the interests of the MIG 2 Directors (and their immediate families) in the issued share capital of MIG 2 were as follows:

|                 | MIG 2 Shares | % of Issued MIG 2 Share capital |
|-----------------|--------------|---------------------------------|
| Nigel Melville  | 43,720       | 0.15%                           |
| Adam Kingdon    | 5,709        | 0.02%                           |
| Sally Duckworth | -            | -                               |
| Ken Vere Nicoll | 54,705       | 0.18%                           |

- 3.3 Save as set out above, no MIG 2 Director, family member or any person connected with any MIG 2 Director (within the meaning of section 252 of CA 2006) has an interest in the capital of MIG 2 which is or would, immediately following the MIG 2 Offer, be required to be notified pursuant to section 809 of CA 2006 or which is or would be required to be entered in the register maintained under section 809 of CA 2006.
- 3.4 Nigel Melville and Ken Vere Nicoll were appointed as directors of MIG 2 on 10 May 2000 under letters of appointment dated 10 May 2000, which may be terminated on three months' notice. Adam Kingdon and Sally Duckworth were appointed as directors of MIG 2 on 29 September 2006 and 1 January 2007, respectively, under letters of appointment dated 22 September 2006 and 10 January 2007, which may be terminated on three months' notice. The MIG 2 Directors' appointments do not confer any right to hold office for any period nor any right to compensation if they cease to be directors. The total annual remuneration receivable by Nigel Melville as chairman of MIG 2 is £24,000 (plus, if applicable, VAT and employers National Insurance Contributions). The annual remuneration receivable by Adam Kingdon, Sally Duckworth and Ken Vere Nicoll is £21,000 each (in each case plus, if applicable, VAT and employers National

Insurance Contributions). The office of a non-executive director of MIG 2 is not pensionable and no retirement or similar benefits are provided to the MIG 2 Directors. Aggregate MIG 2 Directors' emoluments in respect of qualifying services for the eleven month period ended 31 March 2014 amounted to £87,000 plus, if applicable, VAT and employers National Insurance Contributions. Aggregate emoluments for the current financial year are expected to be £87,000 (plus, if applicable, VAT and employers National Insurance Contributions).

- 3.5 There are no potential conflicts of interest between the duties of any MIG 2 Director and their private interests and/or other duties.
- 3.6 No MIG 2 Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of MIG 2 and which was effected by MIG 2 in the years ended 30 April 2012, 2013 and the eleven month period ended 31 March 2014 or to the date of this document in the current financial year or and remains in any respect outstanding or unperformed.
- 3.7 No loan or guarantee has been granted or provided by MIG 2 to or for the benefit of any of the MIG 2 Directors.
- 3.8 MIG 2 has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.9 The MIG 2 Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 12 to 14.
- 3.10 No MIG 2 Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.11 Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the MIG 2 Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager, during the previous five years.
  - (a) Sally Duckworth was a director of Mysapient Limited until her resignation in 2010 and the company was subsequently voluntarily struck off the Register of Companies. Mysapient Limited was neither insolvent nor owed any amounts to creditors at the time of its dissolution in December 2011. Sally Duckworth was also a director of Redkite Financial Markets Limited which has been voluntarily struck off the Register of Companies. Redkite Financial Markets Limited was neither insolvent nor owed any amounts to creditors at the date of this document.
  - (b) Adam Kingdon was a director of Adam Kingdon Associates Limited which was voluntarily struck off the Register of Companies. Adam Kingdon Associates Limited was neither insolvent nor owed any amounts to creditors at the time of its dissolution in February 2011. Adam Kingdon was also a director of Kingdon Burrows Performance Aircraft Limited which was voluntarily struck off the Register of Companies. Kingdon Burrows Performance Aircraft Limited was neither insolvent nor owed any amounts to creditors at the time of its dissolution in June 2012.
  - (c) Ken Vere Nicoll was a director of Matrix CC Limited until his resignation in June 2009. The company was subsequently placed into creditors' voluntary liquidation on 28 January 2013. As at 28 January 2013, the date of the statement of the company's affairs, the company had no secured creditors and had outstanding unsecured non-preferential creditors' claims amounting to over £12 million. Ken Vere Nicoll was also a director of Matrix Group Limited until his

resignation in November 2009. The latest liquidator's progress report dated 28 August 2014 for the period ended 1 July 2014, provided that the company had no secured creditors and had an estimated £285,756.13 outstanding to unsecured creditors and there are sufficient realisations expected to enable a distribution to unsecured creditors, however as at 1 July 2014, it was not possible to estimate quantum or timings of such distributions. Ken Vere Nicoll was also a director of Matrix-Securities Limited until his resignation in June 2009. The company subsequently entered into administration in November 2012. The administration ended in July 2013 and the company was subsequently placed into creditors' voluntary liquidation on 2 July 2013. The latest liquidator's progress report dated 28 August 2014 for the period ended 1 July 2014, provided that the company had no secured creditors and had an estimated £33.6 million outstanding to unsecured creditors. It is anticipated that there will be sufficient realisations to enable a distribution to preferential creditors and unsecured creditors but it was not possible at the time of the report to estimate the quantum or timing of such distributions. In addition, Matrix Group Limited guaranteed two leases in the name of Matrix-Securities Limited over a property. A further claim from the landlord, in respect of both Matrix Group Limited and Matrix-Securities Limited's liability under the guarantee, is expected in due course. Ken Vere Nicoll was also a partner of Matrix Corporate Capital LLP until his resignation in June 2009. Matrix Corporate Capital LLP was subsequently placed in creditors' liquidation on 17 January 2013. The latest liquidator's progress report dated 3 March 2014 for the period ended 6 January 2014 provided that the LLP had no secured creditors and had an estimated £1.9 million outstanding to unsecured creditors. It is anticipated that there will be sufficient realisations to enable a distribution to preferential creditors and unsecured creditors but it was not possible at the time of the report to estimate the quantum or timing of such distributions. Ken Vere Nicoll was also a director of Unicorn AIM VCT II plc which was placed into members' voluntary liquidation on 16 March 2010 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with Unicorn AIM VCT plc. Unicorn AIM VCT II plc was neither insolvent nor owed any amounts to creditors at the time of its dissolution in August 2011. Ken Vere Nicoll was also a director of VSP Nominee Limited which has voluntarily been struck off the Register of Companies. This company was neither insolvent nor owed any amounts to creditors at the time of its dissolution.

- 3.12 There has been no official public incrimination and/or sanction of any MIG 2 Director by statutory or regulatory authorities (including designated professional bodies) and no MIG 2 Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

#### **4. Management and administration**

- 4.1 The MIG 2 Directors, advised by Mobeus, are responsible for the determination of the investment policy and have overall responsibility for its affairs. The MIG 2 Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of MIG 2. Mobeus has been appointed as investment adviser, providing investment advisory, administrative and company secretarial services to MIG 2 on the terms set out at paragraphs 5.1 and 5.2 below. The existing management agreement set out at paragraph 5.1 below will automatically cover the management and fees in relation to the new funds raised by MIG 2 pursuant to the MIG 2 Offer and the performance incentive arrangements set out in paragraph 5.2 will also automatically extend to such funds.
- 4.2 As is customary in the private equity industry, Mobeus may retain for its own benefit and without liability to account to MIG 2, subject to full disclosure having been made to the MIG 2 Directors, arrangement fees which it receives in connection with any unquoted investment made by MIG 2. It may also receive all monitoring fees or directors' fees



charged to investee companies. Costs incurred on abortive investment proposals will be the responsibility of Mobeus.

- 4.3 Mobeus is responsible for the determination and calculation of MIG 2's net asset value, which is prepared quarterly for approval by MIG 2 Directors. All unquoted investments are valued in accordance with IPEVC Valuation Guidelines under which investments are held at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. MIG 2's net asset value will be calculated quarterly and published on an appropriate regulatory information service.

If, at any time, MIG 2's VCT status is lost, dealing in its shares and valuation of MIG 2's net asset value will normally be suspended, which will be communicated to shareholders on an appropriate regulatory information service until such time as proposals to continue as a VCT or to be wound up have been further announced. The MIG 2 Directors do not anticipate any other circumstance under which valuations may be suspended.

- 4.4 MIG 2 expects to co-invest with the other VCT funds advised by Mobeus, participating in equity investments up to £5 million in aggregate, as long as the business has not received funds from any state-aided risk capital in the 12 months prior to the date of investment.

Where more than one of the funds advised by Mobeus wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net asset value of each fund at the date each investment proposal is forwarded to each Board. When one of the funds advised by Mobeus is in its fund raising period, its net funds raised, for the purpose of allocation, will be assumed to be the value of shares allotted at the time the allocation calculation is made. Implementation of this policy will be subject to the availability of funds to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in VCT qualifying holdings. This may mean that MIG 2 may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy

When MIG 2 has insufficient funds available to satisfy its allocation, the balance shall be offered to one or more of the funds advised by Mobeus who have funds available for new investments pro rata as between themselves.

Any variation from this co-investment policy, insofar as it affects MIG 2 or where MIG 2 makes any investment not at the same time and on the same terms as that made by other funds advised by Mobeus, may only be made with the prior approval of the MIG 2 Directors.

Save for the above, there are no material potential conflicts of interest which Mobeus may have as between its duty to MIG 2 and duties owed by them to third parties and their interests.

- 4.5 PricewaterhouseCoopers LLP receives an annual fee of up to £10,000 plus VAT for providing advice and assistance in relation to the maintenance of the VCT status of MIG 2. If requested by MIG 2, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of MIG 2 to ensure continuing compliance.

- 4.6 MIG 2 has and will continue to have custody of its own assets:

- MIG 2's monetary assets will be held in bank accounts and/or money market accounts in MIG 2's own name; and
- MIG 2's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in MIG 2's own name.

- 4.7 A maximum of 75% of MIG 2's management expenses will be charged against capital with the balance to be met from income.
- 4.8 All of the MIG 2 Directors are members of the audit committee of MIG 2 with Adam Kingdon acting as chairman. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:
- monitoring the integrity of the financial statements of MIG 2;
  - reviewing MIG 2's internal control and risk management systems;
  - making recommendations to the MIG 2 Directors in relation to the appointment of the external auditor;
  - reviewing and monitoring the external auditor's independence;
  - implementing and reviewing MIG 2's policies on the engagement of the external auditor to supply non-audit services and
  - reviewing and assessing the external audit process.
- 4.9 The MIG 2 Board has not appointed a senior independent director as it does not believe that such appointment is necessary since the MIG 2 Board is composed solely of non-executive directors. This role is fulfilled, as appropriate, by the chairman of the audit committee. He is available to shareholders if they have concerns which they have been unable to resolve through the normal channels of communication.
- 4.10 All of the MIG 2 Directors are members of the remuneration committee with Ken Vere Nicoll being chairman. This committee, which has the responsibility for reviewing the remuneration of the MIG 2 directors, will meet at least annually to consider the levels of remuneration of the MIG 2 directors, specifically reflecting the time commitment and responsibilities of the role. The committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The nomination committee, which also consists of all of the MIG 2 Directors and which is chaired by Nigel Melville, meets annually to consider the composition and balance of skills, knowledge and experience of the MIG 2 directors and would make nominations to the MIG 2 directors in the event of a vacancy. New MIG 2 directors are required to resign at the annual general meeting following appointment and then thereafter every three years. A formal induction programme for MIG 2 directors has not been required to date. New MIG 2 directors will be provided with an induction pack and an induction session will be arranged in conjunction with the Board and Mobeus.
- 4.11 The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (formerly the Combined Code) an updated version of which was issued by the Financial Reporting Council in September 2014 for all companies who are now operating in financial years on or after 29 June 2010.

The MIG 2 Board has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to MIG 2.

The Financial Reporting Council has confirmed that in complying with the AIC Code, MIG 2 meets its obligations in relation to the UK Corporate Governance Code and the Listing Rules. The MIG 2 Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which

incorporates the UK Corporate Governance Code), will provide better information to shareholders.

For the eleven month period ended 31 March 2014 and as at the date of this document, MIG 2 has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except where noted below. There are certain areas of the UK Corporate Governance Code that the AIC does not consider relevant to investment companies and with which MIG 2 does not specifically comply, of which the AIC Code provides dispensation. The areas and reasons for non-compliance are as follows:

- in light of the responsibilities retained by the MIG 2 Board and its committees and of the responsibilities delegated to Mobeus, MIG 2 has not appointed a chief executive officer or executive directors; and
- due to the systems and procedures of Mobeus, the provision of VCT tax monitoring services by PricewaterhouseCoopers LLP, as well as the size of MIG 2's operations, the MIG 2 Board believe that an internal audit function is not appropriate.

MIG 2 has not, therefore, reported further in respect of these provisions.

## **5 Material contracts**

Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by MIG 2 in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which MIG 2 has an obligation or entitlement which is material to MIG 2 as at the date of the document.

- 5.1 An investment management agreement dated 10 September 2010 between MIG 2 (1) and Mobeus (2), pursuant to which Mobeus provides certain investment management, secretarial and accountancy services to MIG 2 for a fee payable quarterly in advance of an amount equal to 2% per annum of net assets (exclusive of VAT, if any) plus an annual fixed fee of £104,432 (inclusive of VAT, if any) subject to increase in the Retail Price Index. In 2013, Mobeus agreed in 2013 to waive such further increases until otherwise agreed with the MIG 2 Board. The agreement is terminable by either party on 12 months' notice by any party subject to earlier termination by any party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by MIG 2 if it fails to become, or ceases to be, a VCT for tax purposes or where Mobeus ceases to be authorised by the FCA or if there is a change in control of Mobeus. The agreement contains provisions indemnifying Mobeus against any liability not due to its default, gross negligence, fraud or breach of FSMA.
- 5.2 A performance incentive agreement dated 20 September 2005 between MIG 2 (1) and Mobeus (2), pursuant to which Mobeus is entitled to receive performance related incentive fees subject to achieving certain defined targets.

Mobeus is entitled to receive performance incentive fees of an amount equal to 20% of the excess annual dividends declared in an accounting period to the holders of MIG 2 Shares in excess of an annual dividend target return of 7.2p (subject to annual RPI increases) per MIG 2 Share per annum, subject to the maintenance of a NAV per MIG 2 ordinary share of 100p. The performance incentive fee is payable annually and any cumulative shortfalls against the annual dividend target return have to be made up before any entitlement arises. The current cumulative dividend shortfall (ignoring the RPI increase for the current year) is 18.31p. A dividend of 14p per MIG 2 Share was paid on 20 October 2014.

The agreement allows for MIG 2 and Mobeus (subject to the opinion of the auditors) to adjust the conditions to, and calculation of, the fee in relation to changes to the share

capital of MIG 2 which affect the basis of the conditions and calculations. At the time of the merger of the MIG 2 ordinary shares and C ordinary shares it was agreed that any amount payable be reduced to the proportion which the net assets attributable to the MIG 2 C ordinary shares at the time of merger represented of the net assets of MIG 2 as a whole (this being 65.1%), which continues to be the arrangement currently in place.

The agreement will terminate automatically if MIG 2 enters into liquidation or if a receiver or administrator is appointed or if a resolution is passed that MIG 2 is voluntarily wound up in accordance with the MIG 2 Articles.

- 5.3 A letter of engagement dated 7 October 2013 from Howard Kennedy pursuant to which Howard Kennedy was appointed as sponsor to the Companies in connection with the 2013 Offer. The Companies agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.
- 5.4 An offer agreement dated 27 November 2013 between the Companies (1), the Directors (2), Mobeus (3) and Howard Kennedy (4) whereby Mobeus agreed to act as promoter in connection with the 2013 Offer and Howard Kennedy agreed to act as sponsor in connection with the 2013 Offer. The agreement contained warranties given by the Companies and the MIG 2 Directors to Mobeus and given by the Companies, the MIG 2 Directors and Mobeus to Howard Kennedy. The agreement contained warranties given by MIG, MIG 2, MIG 4 and I&G and the MIG 2 Directors to Mobeus and given by MIG, MIG 2, MIG 4 and I&G, the MIG 2 Directors and Mobeus to Howard Kennedy. The Companies have agreed to pay Mobeus a commission of 3.25% of the Investment Amount on each application received and accepted under the Offer out of which will be paid all costs, charges and expenses of or incidental to the Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).
- 5.5 A letter of engagement dated 19 November 2014 from Howard Kennedy pursuant to which Howard Kennedy has been appointed as sponsor to the Companies in connection with the Offers. The Companies have agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.
- 5.6 An offers' agreement dated 10 December 2014 between MIG (1), MIG 2 (2), MIG 4 (3), I&G (4), the Directors (5), Howard Kennedy (6) and Mobeus (7) whereby Mobeus has agreed to act as promoter in connection with the MIG 2 Offer and Howard Kennedy has agreed to act as sponsor in connection with the MIG 2 Offer. The agreement contains indemnities and warranties given by MIG 2 and the MIG 2 Directors respectively to Mobeus and Howard Kennedy. The indemnities relate to any loss suffered by Mobeus or Howard Kennedy in respect of their roles as promoter and sponsor which is customary in an agreement of this nature. MIG 2 has agreed to pay Mobeus a commission of an amount representing 3.25% of the Investment Amounts in respect of applications accepted under the MIG 2 Offer, less (i) an amount equal to the Early Investment Incentive discount in respect of such applications and less (ii) any 'execution only' initial commission offered by Mobeus in respect of such applications, but waived by the 'execution only' intermediary concerned, and less (iii) any additional amounts by which Mobeus has agreed to reduce its fees further (in whole or part) in respect of such applications (such amount being inclusive of VAT), out of which will be paid all costs, charges and expenses of or incidental to the Offers (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).

## **6 Objective and investment policy**

### **6.1 Objective**

The objective of MIG 2 is to provide investors with a regular income stream, arising both from the income generated by the companies selected for the portfolio and from realising any growth in capital.

### **6.2 Investment policy**

MIG 2's policy is to invest primarily in a diversified portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

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

MIG 2's cash and liquid resources may be invested to maximise income returns in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

#### ***UK Companies***

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

#### ***VCT Regulation***

The investment policy is designed to ensure that MIG 2 continues to qualify and is approved as a VCT by HMRC.

Amongst other conditions, MIG 2 may not invest more than 15% of its investments in a single company and must achieve at least 70% by value of its investments throughout the period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% (70% for funds raised from 6 April 2011) by value must be ordinary shares which carry no preferential rights. In addition, although MIG 2 can invest less than 30% by value (70% for funds raised from 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

#### ***Asset Mix***

The investment adviser aims to hold approximately 80% of net assets by value in the Company's qualifying investments. The balance is held in readily realisable, interest bearing investments and deposits and in some non-qualifying holdings in the same investee companies in which qualifying investments have been made.

#### ***Risk diversification and maximum exposures***

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured using a significant proportion of loan stock (up to 70% of the total investment in each VCT qualifying company). Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £2 million at cost, or such amounts as VCT legislation permits. Normally no holding in any one company will be greater than 10% (but in any event will not be greater than 15%) of the value of the

Company's investments, based on cost, at the time of the investment. Ongoing monitoring of each investment is carried out by Mobeus, generally through taking a seat on the board of each VCT qualifying company.

### ***Co-investment***

MIG 2 aims to invest alongside the three other VCTs advised by Mobeus with a similar investment policy. This enables MIG 2 to participate in larger combined investments advised on by Mobeus.

### ***Borrowing***

MIG's 2 Articles permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein), although MIG 2 has never borrowed and the MIG 2 Board has no current plans to undertake any borrowing.

### **Management**

The MIG 2 Board has overall responsibility for MIG 2's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by Mobeus and are then subject to formal approval by the MIG 2 Directors.

- 6.3 It is the intention of the MIG 2 Directors that MIG 2 will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.4 MIG 2 is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part Ten of the Securities Note, and in the Listing Rules which specify that (i) MIG 2 must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6 above; (ii) MIG 2 must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) MIG 2 may not invest more than 10%, in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of MIG 2 will require the approval of MIG 2 Shareholders pursuant to the Listing Rules. MIG 2 intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:
- (a) MIG 2's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
  - (b) MIG 2 will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - (c) none of the investments at the time of acquisition will represent more than 15% by VCT Value of MIG 2's investments; and
  - (d) not more than 20% of MIG 2's gross assets will at any time be invested in the securities of property companies.
- 6.5 Mobeus has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type which MIG 2 proposes to make. The MIG 2 Directors will also ensure that the board of MIG 2 and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.6 In the event of a breach of the investment restrictions which apply to MIG 2 as described in paragraph 6.2 above, Shareholders of MIG 2 will be informed by means of the half-yearly and/or the annual report or through a public announcement.

- 6.7 The MIG 2 Directors act and will continue to act independently of Mobeus. No majority of the MIG 2 Directors will be directors or employees of, or former directors or employees of, or professional advisers to, Mobeus or any other company in the same group as Mobeus.
- 6.8 The investment policy as set out in this paragraph 6 above, in the absence of unforeseen circumstances, will be adhered to by MIG 2 for at least three years following the date of close of the MIG 2 Offer. Any material change to MIG 2's investment policy in any event will only be made with the approval of the Shareholders of MIG 2 by ordinary resolution.

## **7 Related party disclosures**

Related party transactions for MIG 2 undertaken in the financial years ended 30 April 2012, 2013 and the eleven month period ended 31 March 2014 are set out in the respective audited report and accounts for those year ends, which are incorporated by reference: in Notes 3 and 23 on pages 36 and 55 for the year ended 30 April 2012, on page 20 for the year ended 30 April 2013 and Note 3 on page 46 for the eleven month period ended 31 March 2014. Apart from the payment of the MIG 2 Directors' remuneration on the basis set out in paragraph 3.4 above and the investment management, administration and performance incentive fees as set out in paragraph 5.4 above, there have been no other related party payments in the current year to the date of this document. Save for the entering into of the offer agreement as set out in paragraph 5.6 above, MIG 2 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 September 2014.

## **8 Overseas investors**

The issue of Offer Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such investors should inform themselves about and observe any legal requirements, in particular:

- 8.1 none of the Offer Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;
- 8.2 the Companies are not registered under the United States Investment Company Act of 1940, as amended and investors are not entitled to the benefits of that Act; and
- 8.3 no offer is being made, directly, under the MIG 2 Offer, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of Offer Shares, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## **9 Taxation**

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the MIG 2 Directors as to the position of the Companies' Shareholders who hold MIG 2 Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by MIG 2 when it pays a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - MIG 2 has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the MIG 2 Shares. MIG 2 has been advised that the transfer of MIG 2 Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 9.3 Close company - the MIG 2 Directors believe that MIG 2 is not, and expect that following completion of the MIG 2 Offer will not be, a close company within the meaning of the Tax Act. If MIG 2 were a close company in any accounting period, approval as a Venture Capital Trust would be withdrawn.

## **10 Miscellaneous**

- 10.1 There has been no significant change in the financial or trading position of MIG 2 since 31 March 2014, the date to which the last annual audited financial statements for MIG 2 have been published.
- 10.2 Mobeus is the promoter of the MIG 2 Offer and, save as disclosed in paragraphs 5 above, no amount of cash, securities or benefits has been paid, issued or given to the promoter and none is intended to be paid, issued or given.
- 10.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which MIG is aware) during the period from the incorporation of MIG 2 which may have or had in the recent past significant effects on MIG 2's financial position or profitability.
- 10.4 There are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect MIG 2's operations.
- 10.5 The issue costs payable by MIG 2 under the MIG 2 Offer (including irrecoverable VAT) will be an amount equal to 3.25% of the Investment Amount in respect of each application accepted under the MIG 2 Offer plus annual trail commission and any amounts due from MIG 2 to the investor in connection with the facilitation of initial financial adviser charges. Assuming that the MIG 2 Offer is fully subscribed and ignoring annual trail commission, the maximum expenses and the minimum net proceeds will be £260,000 and £7,740,000 respectively. The issue premium on a MIG 2 Share issued pursuant to the MIG 2 Offer will be the difference between the issue price of that share and the nominal value thereof of 1p.
- 10.6 MIG 2's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described in paragraph 6 above.
- 10.7 MIG 2 does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the MIG 2 Directors, MIG 2 is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of MIG 2.
- 10.8 MIG 2 and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.9 The typical investor for whom investment in MIG 2 is designed is a retail investor who is a UK taxpayer, aged 18 or over and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risk



factors set out at the beginning of this document and be willing to retain the investment for at least five years.

- 10.10 BDO LLP acts as auditors to MIG 2. BDO LLP is registered to carry on audit work and is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.
- 10.11 Howard Kennedy has given and not withdrawn its written consent to the issue of the Prospectus and the inclusion of its name and the references to it in the Prospectus in the form and context in which they appear.

## **(B) ANALYSIS OF THE INVESTMENT PORTFOLIO**

All of MIG 2's investments as at today's date, which are analysed below, are in the UK and are valued in sterling.

| <b>Sector</b>                      | <b>% by cost</b> | <b>% by value</b> |
|------------------------------------|------------------|-------------------|
| Support Services                   | 42.8             | 51.3              |
| General Retailers                  | 15.9             | 17.4              |
| Technology, hardware and equipment | 1.3              | 0.0               |
| Software and computer services     | 4.2              | 4.6               |
| Construction                       | 6.0              | 0.3               |
| Media                              | 7.7              | 7.2               |
| Fixed Line Telecommunications      | 4.5              | 4.8               |
| Personal goods                     | 4.3              | 0.0               |
| Acquisition vehicles               | 6.0              | 6.5               |
| Healthcare equipment and services  | 3.7              | 4.0               |
| General Industrials                | 3.6              | 3.9               |

| <b>Type</b>                               | <b>% by cost</b> | <b>% by value</b> |
|---|------------------|-------------------|
| Unlisted ordinary shares                  | 17.9             | 14.3              |
| Unlisted loan stock and preference shares | 42.1             | 44.7              |
| Listed ordinary shares                    | 0.8              | 0.0               |
| Cash/liquidity                            | 39.2             | 41.0              |

Save for realisations of Ingleby (1879) Limited (trading as EMaC), Focus Pharma Holdings Limited and Youngman Group Limited for net cash of £2.55 million, £1.31 million and £1.62 million respectively, loan repayments by Fullfield Limited of £39,000, an additional loan to Gro-Group Holdings of £27,000, a share repayment by Tharstern Group Limited of £6,000, an investment of £0.85 million in Leap New Co Limited (trading as Ward Thomas Removals), an investment of £0.37 million in Aussie Man & Van Limited and a further investment of £0.73 million in ASL Technology Holdings Limited, there has been no material change to the valuations used to prepare the above analysis (30 September 2014) being the date on which those unaudited valuations were undertaken).

## (C) FINANCIAL INFORMATION

MIG 2 has produced annual statutory accounts for the financial years ended 30 April 2011 and 2012, 2013, the eleven month period ended 31 March 2014 and unaudited information in the half-yearly financial statements for the six month periods ended 31 October 2013 and 30 September 2014. The auditors, PKF (UK) LLP (as now acquired by BDO LLP of 55 Baker Street, London W1U 7EU) in respect of the financial years ended 30 April 2011 and 2012, 2013 and BDO LLP in respect of the eleven month period ended 31 March 2014 have reported on the annual statutory accounts without qualification and without statements under sections 495 to 497A of CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports contain a description of MIG 2's financial condition, changes in financial condition and results of operation for each relevant financial year/period and are being incorporated by reference and can be accessed at the following website:

[www.mig2vct.co.uk](http://www.mig2vct.co.uk)

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. The two tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

| Description  | 2011 Annual Report | 2012 Annual Report | 2013 Annual Report | 11 Month Period ended 31 March 2014 | 2013 Half-Yearly Report | 2014 Half-Yearly Report |
|--|--------------------|--------------------|--------------------|-------------------------------------|-------------------------|-------------------------|
| Balance Sheet  | Page 36            | Page 31            | Page 30            | Page 40                             | Page 14                 | Page 16                 |
| Income Statement (or equivalent)                             | Page 35            | Page 30            | Page 29            | Page 39                             | Pages 12 to 13          | Pages 14 to 15          |
| Statement showing all changes in equity (or equivalent note) | Page 37            | Page 32            | Page 31            | Page 41                             | Page 15                 | Page 17                 |
| Cash Flow Statement  | Page 37            | Page 32            | Page 32            | Page 42                             | Page 16                 | Page 18                 |
| Accounting Policies and Notes                                | Page 38            | Pages 33 to 55     | Pages 33 to 51     | Pages 43 to 61                      | Pages 17 to 21          | Pages 19 to 23          |
| Auditor's Report   | Page 34            | Page 29            | Page 28            | Pages 37 to 38                      | N/A                     | N/A                     |

This information has been prepared in a form consistent with that which will be adopted in MIG 2's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

| <b>Description</b>   | <b>2011 Annual Report</b> | <b>2012 Annual Report</b> | <b>2013 Annual Report</b> | <b>11 Month Period ended 31 March 2014</b> | <b>2013 Half-Yearly Report</b> | <b>2014 Half-Yearly Report</b> |
|----------------------|---------------------------|---------------------------|---------------------------|--|--------------------------------|--------------------------------|
| Objective            | Inside front cover        | Inside front cover        | Inside front cover        | Inside front cover                         | Inside front cover             | Inside front cover             |
| Performance Summary  | Pages 2 to 4              | Pages 3 to 5              | Pages 2 to 3              | Pages 5 to 9                               | Pages 1 to 2                   | Pages 1 to 2                   |
| Results & Dividend   | Pages 23 to 24            | Page 18                   | Page 17                   | Page 24                                    | Page 1                         | Page 3                         |
| Investment Policy    | Page 7                    | Page 2                    | Page 1                    | Page 20                                    | Page 6                         | Page 6                         |
| Chairman's Statement | Pages 5 to 6              | Pages 6 to 8              | Pages 4 to 6              | Pages 2 to 3                               | Pages 3 to 4                   | Pages 3 to 5                   |
| Manager's Review     | Pages 11 to 12            | Pages 9 to 10             | Pages 7 to 8              | Pages 10 to 12                             | Pages 7 to 8                   | Pages 7 to 9                   |
| Portfolio Summary    | Pages 8 to 10             | Pages 15 to 16            | Pages 13 to 15            | Pages 17 to 19                             | Pages 9 to 11                  | Pages 10 to 12                 |
| Valuation Policy     | Page 38                   | Page 34                   | Page 33                   | Page 43                                    | Page 1                         | Page 19                        |

Certain financial information of MIG 2 is also set out below:

|  | <b>Year ended 30 April 2011 (audited)</b> | <b>Year ended 30 April 2012 (audited)</b> | <b>Year ended 30 April 2013 (audited)</b> | <b>11 Month Period ended 31 March 2014</b> |
|--|---|---|---|--|
| Investment income                                  | £634,255                                  | £1,042,824                                | £1,025,133                                | £2,047,564                                 |
| Profit/loss on ordinary activities before taxation | £3,250,053                                | £1,333,109                                | £2,685,399                                | £4,831,621                                 |
| Earnings per MIG 2 Share                           | 12.49p                                    | 5.23p                                     | 10.87p                                    | 19.80p                                     |
| Dividends paid per MIG 2 Share                     | 5.0p                                      | 4.0p                                      | 4.0p                                      | 5.0  |
| Total assets                                       | £25,082,623                               | £24,690,606                               | £25,885,376                               | £34,015,413                                |
| NAV per MIG 2 Share                                | 96.2p                                     | 98.7p                                     | 106.8p                                    | 120.73p                                    |

|  | <b>Six month period ended 31 October 2013 (unaudited)</b> | <b>Six month period ended 30 September 2014 (unaudited)</b> |
|--|---|---|
| Investment income                                  | £1,140,835  | £1,126,698  |
| Profit/loss on ordinary activities before taxation | £1,711,685  | £3,015,533  |
| Earnings per MIG 2 Share                           | 7.11p   | 10.1p   |
| Dividends per MIG 2 Share                          | -   | 14.0p   |
| Total assets                                       | £27,584,296   | £39,335,068   |
| NAV per MIG 2 Share                                | 114.0p  | 130.5p  |

As at 30 September 2014, the date to which the most recent unaudited half-yearly financial statements on MIG 2 were published, MIG 2 had unaudited net assets of £39.1 million.

## **PART III - MIG 4**

### **(A) GENERAL INFORMATION**

#### **1 Incorporation and registered office**

- 1.1 The legal and commercial name of MIG 4 is Mobeus Income & Growth 4 VCT plc.
- 1.2 MIG 4 was incorporated and registered in England and Wales as a public company with limited liability on 29 January 1999 registered number 03707697, under the name TriVen VCT plc.
- 1.3 MIG 4 was issued with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) on 3 February 1999.
- 1.4 The principal legislation under which MIG 4 operates is CA 2006 and regulations made thereunder.
- 1.5 MIG 4's registered office and principal place of business is at 30 Haymarket, London SW1Y 4EX. MIG 4 is domiciled in England. MIG 4 does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.6 HMRC has granted approval of MIG 4 as a VCT under section 259 of the Tax Act. The business of MIG 4 has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.7 MIG 4 revoked its status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 28 July 2008 for the purposes of paying a capital dividend and does not intend to re-apply for such status.
- 1.8 MIG 4 Shares are admitted to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange and have an International Securities Identification Number of GB00B1FMDH51.
- 1.9 MIG 4 is not regulated by the FCA or an equivalent European Economic Area regulator but it is subject to regulation by HMRC under the VCT rules in order to qualify as a VCT. MIG 4 is, however, an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). In addition, as a premium listed entity on the main market of the London Stock Exchange, MIG 4 is subject to the rules and regulations issued by the UK Listing Authority from time to time. MIG 4 is not otherwise regulated.

#### **2. Share capital**

- 2.1 The authorised share capital of MIG 4 on incorporation was £4,000,000, divided into 79,000,000 ordinary shares of 5p each and 1,000,000 redeemable shares of 5p each. On incorporation 200 ordinary shares were issued fully paid to the subscribers to its Memorandum.
- 2.2 To enable MIG 4 to obtain a certificate under section 117 of CA 1985, on 1 February 1999, 1,000,000 redeemable shares were allotted by MIG 4 to Matrix-Securities Limited at par for cash, paid up as to one quarter paid of their nominal value. Such redeemable shares were paid up in full and redeemed in full out of the proceeds of the original offer for subscription on 1 April 1999. The redeemable shares were automatically redesignated as MIG 4 shares and MIG 4's articles of association were amended by the deletion of all references to the redeemable shares and the rights attaching to them pursuant to a special resolution passed on 9 October 2007.

- 2.3 On 22 February 2013, MIG 4 passed a resolution approving, subject to the sanction of the Court, the cancellation of the amount standing to the credit of the share premium account as at 25 January 2013 (such cancellation being subsequently confirmed by the Court on 13 March 2013 and registered at Companies House on 13 March 2013).
- 2.4 On 22 February 2013, MIG 4 passed a resolution approving, subject to the sanction of the Court, the cancellation of the amount standing to the credit of the share premium account and capital redemption reserve (such cancellation being subsequently confirmed by the Court on 12 March 2014 and registered at Companies House on 12 March 2014).
- 2.5 As at 30 June 2014, the date to which the last unaudited half-yearly financial statements for MIG 4 have been published, the issued share capital of MIG 4 was 41,872,204 MIG 4 Shares (all fully paid-up).
- 2.6 The issued share capital history of MIG 4 since 31 January 2010 is as follows:
- During the financial year ended 31 January 2011, MIG 4 issued 3,108,785 MIG 4 Shares and bought back 610,555 MIG 4 Shares. As at 31 January 2011, the issued share capital of MIG 4 comprised 22,455,802 MIG 4 Shares, none of which were held in treasury.
  - During the financial year ended 31 January 2012, MIG 4 issued 3,021,507 MIG 4 Shares and bought back 275,403 MIG 4 Shares. As at 31 January 2012, the issued share capital of MIG 4 comprised 25,201,906 MIG 4 Shares, none of which were held in treasury.
  - During the eleven month period ended 31 December 2012, MIG 4 issued 4,482,931 MIG 4 Shares and bought back 1,095,385 MIG 4 Shares. As at 31 December 2012, the issued share capital of MIG 4 comprised 28,589,452 MIG 4 Shares, none of which were held in treasury.
  - During the financial year ended 31 December 2013, MIG 4 issued 13,007,211 MIG 4 Shares and bought back 6,469,445 MIG 4 Shares. As at 31 December 2013, the issued share capital of MIG 4 comprised 35,127,218 MIG 4 Shares, none of which were held in treasury.
  - During the current period to 9 December 2014 (being the latest practicable date prior to the publication of this document) MIG 4 issued 7,930,445 MIG 4 Shares and bought back 514,303 MIG 4 Shares.
- 2.7 At the date of this document, 42,543,360 MIG 4 Shares are in issue (all fully paid-up).
- 2.8 The following resolutions of MIG 4 were passed at the annual general meeting of MIG 4 held on 9 May 2014:
- (a) That, in substitution for any existing authorities, the MIG 4 Directors were generally and unconditionally authorised pursuant to section 551 of CA 2006 to exercise all the powers of MIG 4 to allot MIG 4 Shares and to grant rights to subscribe for, or convert, any security into MIG 4 Shares up to an aggregate nominal value of £375,766 provided that the authority conferred by this resolution shall expire (unless renewed, varied, or revoked by MIG 4 in a general meeting) on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of MIG 4 to be held in 2015, but so that this authority shall allow MIG 4 to, make before the expiry of this authority offers or agreements which would or might require MIG 4 Shares to be allotted or rights to be granted after such expiry and the MIG 4 Directors be entitled to allot MIG 4 Shares or grant rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.
- (b) That, in substitution for any existing authorities, the MIG 4 Directors were empowered in accordance with sections 570 and 573 of CA 2006 to allot or make offers or agreements

to allot equity securities (as defined in section 560 (1) of CA 2006) for cash, pursuant to the authority conferred upon them by the resolution in paragraph (a) above or by way of a sale of treasury shares as if section 561(1) of CA 2006 did not apply to any such sale or allotment, provided that the power conferred shall be limited to:

- (i) the allotment and issue of equity securities with an aggregate nominal value of up to, but not exceeding, £300,000 in connection with offer(s) for subscription;
- (ii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued MIG 4 Share capital from time to time pursuant to any dividend investment scheme operated by MIG 4; and
- (iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued MIG 4 Share capital from time to time

in each case where the proceeds may be used, in whole or in part, to purchase MIG 4 Shares in the market and provided that such authority shall expire (unless renewed, varied or revoked by MIG 4 in general meeting), on the date falling fifteen months after the passing of this resolution or, if earlier on the conclusion of the annual general meeting of MIG 4 to be held in 2015, except that MIG 4 may, before the expiry of this authority make offers or agreements which would or might require equity securities to be allotted after such expiry and the MIG 4 Directors may allot equity securities in pursuance of such offers or agreements as if the authority conferred had not expired.

- (c) That, in substitution for any existing authorities, MIG 4 was authorised pursuant to and in accordance with section 701 of CA 2006 to make one or more market purchases (within the meaning of section 693(4) of CA 2006) of MIG 4 Shares provided that:
  - (i) the aggregate number of MIG 4 Shares which may be purchased shall not exceed 5,265,569 or, if lower, such number of MIG 4 Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the MIG 4 Shares in issue at the date of passing this resolution;
  - (ii) the minimum price which may be paid for a MIG 4 Share is 1 penny (the nominal value thereof);
  - (iii) the maximum price which may be paid for a MIG 4 Share (excluding expenses) shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a MIG 4 Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the MIG 4 Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
  - (iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by MIG 4 in general meeting) on the date falling fifteen months after the passing of this resolution or, if earlier on the conclusion of the annual general meeting of MIG 4 to be held in 2015; and
  - (v) MIG 4 may make a contract or contracts to purchase its own MIG 4 Shares under the above authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own MIG 4 Shares in pursuance of any such contract.

It is the current intention of the Directors of MIG 4 to renew these authorities at its annual general meeting convened in 2015.

- 2.9 There are no other shares or loan capital in MIG 4 in issue or under option or agreed conditionally or unconditionally to be put under option nor does MIG 4 hold shares in treasury.

- 2.10 Following the issue of MIG 4 Shares pursuant to the MIG 4 Offer (assuming the maximum 8 million MIG 4 Shares are allotted) the issued share capital of MIG 4 is expected to be as follows:

|              | Issued     |            |
|--------------|------------|------------|
|              | Number     | £          |
| MIG 4 Shares | 50,543,360 | 505,433.60 |

- 2.11 The MIG 4 Shares are/will be in registered form and no temporary documents of title will be issued. MIG 4 is registered with CREST, a paperless settlement system and those Shareholders who wish to hold their MIG 4 Shares in electronic form may do so.
- 2.12 MIG 4 will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of MIG 4 which is not subject to the disapplication referred to in paragraph 2.12 above.
- 2.13 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), MIG 4 is not aware of any person who, immediately following the issue of the Offer Shares, directly or indirectly, has or will have an interest in the capital of MIG 4 or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more must be notified to MIG 4).

### 3. Directors' and other interests

- 3.1 The Board of MIG 4 comprises three non-executive directors, all of whom are independent of Mobeus except for Helen Sinclair. The Board of MIG 4 has substantial experience of venture capital businesses and has overall responsibility for MIG 4's affairs, including its investment policy. Mobeus acts as investment adviser.
- 3.2 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), the interests of the MIG 4 Directors' (and their immediate families) in the issued share capital of MIG 4 were as follows:

|                   | MIG 4 Shares | % of issued MIG 4 Share capital |
|-------------------|--------------|---------------------------------|
| Christopher Moore | 36,075       | 0.08%                           |
| Andrew Robson     | 9,536        | 0.02%                           |
| Helen Sinclair    | 12,425       | 0.03%                           |

- 3.3 Save as set out above, no MIG 4 Director, family member or any person connected with any MIG 4 Director (within the meaning of section 252 of CA 2006 has any interest in the capital of MIG 4 which is or would, immediately following the MIG 4 Offer, be required to be notified pursuant to section 809 of the CA 2006 or which is or would be required to be entered in the register maintained under section 809 of CA 2006.
- 3.4 The MIG 4 Directors (other than Andrew Robson) were appointed as directors of MIG 4 on 1 April 2002 (in respect of Christopher Moore) and 1 February 2003 (in respect of Helen Sinclair) which may be terminated on three months' notice. Andrew Robson was appointed pursuant to a service agreement dated 1 August 2010, which is also terminable on three months' notice. The MIG 4 Directors' appointments do not confer any right to hold office for any period nor any right to compensation if they cease to be directors. The total annual remuneration receivable by Christopher Moore as chairman of MIG 4 is £33,500 (plus, if applicable, VAT and employers National Insurance Contributions). The total annual remuneration receivable by Helen Sinclair and Andrew Robson is £28,500 each (in each case plus, if applicable, VAT and employers National Insurance Contributions). The office of non-executive director of MIG 4 is not pensionable and no retirement or similar benefits are provided to the MIG 4 Directors. Aggregate MIG 4 Directors' emoluments in respect of qualifying services for the year



ended 31 December 2013 amounted to £90,500 (being £33,500 for Christopher Moore, £28,500 for Andrew Robson and £28,500 for Helen Sinclair) plus, if applicable, VAT and employers National Insurance Contributions. Aggregate emoluments for the current financial year to 31 December 2014 are expected to be £90,500 (plus, if applicable, VAT and employers National Insurance Contributions).

- 3.5 No MIG 4 Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of MIG 4 and which was effected by MIG 4 in the years ended 31 January 2011, 2012, the 11 month period to 31 December 2012 and the year ended 31 December 2013 or to the date of this document in the current financial year or and remains in any respect outstanding or unperformed.
- 3.6 Save for Helen Sinclair in respect of her directorships of British Smaller Companies VCT plc, Spark Ventures plc and Downing ONE VCT plc, which have all been approved by the MIG 4 Board, there are no other potential conflicts of interest between the duties of any MIG 4 Director and their private interests and/or other duties.
- 3.7 No loan or guarantee has been granted or provided by MIG 4 to or for the benefit of any of the MIG 4 Directors.
- 3.8 MIG 4 has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.9 The MIG 4 Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 12 to 14.
- 3.10 No MIG 4 Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.11 Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the MIG 4 Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager, during the previous five years.
  - (a) Christopher Moore was a director of Matrix Income & Growth 3 VCT plc which was placed into members' voluntary liquidation on 20 May 2010 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with MIG. Matrix Income & Growth 3 VCT plc was neither insolvent nor owed any amounts to creditors at the time of its dissolution in October 2011.
  - (b) Andrew Robson was a director of M&G Equity Investment Trust plc when it was placed into members' voluntary liquidation in March 2011. Andrew Robson has since stepped down as a director of M&G Equity Investment Trust plc in April 2011 with the company being neither insolvent nor owing any amounts to creditors at the date of this document. Andrew Robson was also director or officer of the following companies which have all been voluntarily struck off the Register of Companies:
    - Topshire Limited - dissolved in May 2011; and
    - Wiston Investment Company Limited - dissolved in May 2011.Neither company was insolvent nor owed any amounts to creditors at the date of their respective dissolution.
  - (c) Helen Sinclair was a director of Octopus Eclipse VCT 3 plc which was placed into members' voluntary liquidation on 31 October 2012 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with Octopus Eclipse VCT plc.

Octopus Eclipse VCT 3 plc was neither insolvent nor owed any amounts to creditors at the time of its dissolution in April 2014. Helen Sinclair is also a director of Downing Income VCT 4 plc which was placed into members' voluntary liquidation on 12 November 2013 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with Downing Distribution VCT 1 plc. Downing Income VCT 4 plc was neither insolvent nor owed any amounts to creditors at the date of this document.

- 3.12 There has been no official public incrimination and/or sanction of any MIG 4 Director by statutory or regulatory authorities (including designated professional bodies) and no MIG 4 Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

#### 4. **Management and administration**

- 4.1 The MIG 4 Directors are responsible for the determination of the investment policy and have overall responsibility for its affairs. The MIG 4 Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of MIG 4. Mobeus has been appointed as investment adviser, providing investment advisory, administrative and company secretarial services to MIG 4 on the terms set out at paragraphs 5.1 and 5.2 below. The existing management agreement set out at paragraph 5.1 below will automatically cover the management and fees in relation to the new funds raised by MIG 4 pursuant to the MIG 4 Offer and the performance incentive arrangements set out in paragraphs 5.2 will also automatically extend to such funds.

- 4.2 As is customary in the private equity industry, Mobeus may retain for its own benefit and without liability to account to MIG 4, subject to full disclosure having been made to the MIG 4 Directors, arrangement fees which it receives in connection with any unquoted investment made by MIG 4. It may also receive all monitoring fees or directors' fees charged to investee companies. Costs incurred on abortive investment proposals will be the responsibility of Mobeus.

- 4.3 Mobeus is responsible for the determination and calculation of MIG 4's net asset value, which is prepared quarterly for approval by the MIG 4 Directors. All unquoted investments are valued in accordance with IPEVC Valuation Guidelines under which investments are held at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. MIG 4's net asset value will be calculated quarterly and published on an appropriate regulatory information service.

If, at any time, MIG 4's VCT status is lost, dealing in its shares and valuation of MIG 4's net asset value will normally be suspended, which will be communicated to shareholders on an appropriate regulatory information service until such time as proposals to continue as a VCT or to be wound up have been further announced. The MIG 4 Directors do not anticipate any other circumstance under which valuations may be suspended.

- 4.4 MIG 4 expects to co-invest with the other VCT funds advised by Mobeus, participating in equity investments up to £5 million in aggregate, as long as the business has not received funds from any state-aided risk capital in the 12 months prior to the date of investment.

Where more than one of the funds advised by Mobeus wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net asset value of each fund at the date each investment proposal is forwarded to each Board. When one of the funds advised by Mobeus is in its fund raising period, its net funds raised, for the purpose of allocation, will be assumed to be the value of shares allotted at the time the allocation calculation is made. Implementation of this policy will be subject to the availability of funds to make the investment and other portfolio

considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in VCT qualifying holdings. This may mean that MIG 4 may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.

When MIG 4 has insufficient funds available to satisfy its allocation, the balance shall be offered to one or more of the funds advised by Mobeus who have funds available for new investments pro rata as between themselves.

Any variation from this co-investment policy, insofar as it affects MIG 4 or where MIG 4 makes any investment not at the same time and on the same terms as that made by other funds advised by Mobeus, may only be made with the prior approval of the MIG 4 Directors who are independent of Mobeus.

Save for the above, there are no material potential conflicts of interest which Mobeus may have as between its duty to MIG 4 and duties owed by them to third parties and their interests.

- 4.5 PricewaterhouseCoopers LLP receives an annual fee of up to £10,000 plus VAT for providing advice and assistance in relation to the maintenance of the VCT status of MIG 4. If requested by MIG 4, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of MIG 4 to ensure continuing compliance.
- 4.6 MIG 4 has and will continue to have custody of its own assets:
- MIG 4's monetary assets will be held in bank accounts and/or money market accounts in MIG 4's own name; and
  - MIG 4's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in MIG 4's own name.
- 4.7 A maximum of 75% of MIG 4's management expenses will be charged against capital with the balance to be met from income.
- 4.8 The members of the audit committee of MIG 4 are Andrew Robson (chairman), Christopher Moore and Helen Sinclair. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:
- monitoring the integrity of the financial statements of MIG 4;
  - reviewing MIG 4's internal control and risk management systems;
  - making recommendations to the MIG 4 Directors in relation to the appointment of the external auditor;
  - reviewing and monitoring the external auditor's independence;
  - implementing and reviewing MIG 4's policies on the engagement of the external auditor to supply non-audit services; and
  - reviewing and assessing the external audit process.
- 4.9 The members of the nomination and remuneration committee of MIG 4 are Andrew Robson (chairman), Christopher Moore and Helen Sinclair. The nomination and remuneration committee members (who have responsibility for reviewing the remuneration of the MIG 4 Directors) will meet at least annually to consider the levels of remuneration of the MIG 4 Directors, specifically reflecting the time commitment and responsibilities of the role. The committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry

standards. The nomination and remuneration committee also meets annually to consider the composition and balance of skills, knowledge and experience of the MIG 4 Directors and would make nominations to the MIG 4 Directors in the event of a vacancy. New MIG 4 Directors are required to resign at the annual general meeting following appointment and then thereafter every three years. New directors will be provided with an induction pack and an induction session will be arranged in conjunction with the Board and Mobeus.

- 4.10 The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (formerly the Combined Code) an updated version of which was issued by the Financial Reporting Council in September 2014 for all companies who are now operating in financial years on or after 29 June 2010.

The MIG 4 Board has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to MIG 4.

The Financial Reporting Council has confirmed that in complying with the AIC Code, MIG 4 meets its obligations in relation to the UK Corporate Governance Code and the Listing Rules. The MIG 4 Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

For the year ended 31 December 2013 and as at the date of this document, MIG 4 has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except where noted below. There are certain areas of the UK Corporate Governance Code that the AIC does not consider relevant to investment companies and with which MIG 4 does not specifically comply, of which the AIC Code provides dispensation. The areas and reasons for non-compliance are as follows:

- in light of the responsibilities retained by the MIG 4 Board and its committees and of the responsibilities delegated to Mobeus, MIG 4 has not appointed a chief executive officer or executive directors;
- due to the size of the MIG 4 Board, the size of the business and its lack of complexity, the MIG 4 Board have decided that it is inappropriate for the time being to appoint a senior independent director or deputy chairman; and
- due to the systems and procedures of Mobeus, the provision of VCT tax monitoring services by PricewaterhouseCoopers LLP, as well as the size of MIG 4's operations, the MIG 4 Board believe that an internal audit function is not appropriate.

MIG 4 has not, therefore, reported further in respect of these provisions.

## **5 Material contracts**

Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by MIG 4 in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which MIG 4 has an obligation or entitlement which is material to MIG 4 as at the date of the document.

- 5.1 An investment management agreement dated 12 November 2010 between MIG 4 (1), Mobeus (2) and Matrix-Securities Limited (3) pursuant to which Mobeus is appointed to

provide advisory investment management services in respect of MIG 4's investments in VCT qualifying investments.

Mobeus is entitled to an annual management fee of an amount equal to 2% of the net asset value per annum of MIG 4 plus an annual fixed fee of £107,827 subject to annual RPI uplift, payable quarterly in arrears, exclusive of VAT, if any. In 2013, Mobeus agreed to waive such further uplift until otherwise agreed with the MIG 4 Board. The agreement is terminable by either party by 12 months' notice by any party subject to earlier termination by any party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by MIG 4 if it fails to become, or ceases to be, a VCT for tax purposes or where Mobeus ceases to be authorised by the FCA or if there is a change in control of Mobeus. The agreement contains provisions indemnifying Mobeus against any liability not due to its default, gross negligence, fraud or breach of FSMA.

- 5.2 A performance incentive agreement dated 1 November 2006 between MIG 4 (1), Mobeus (2) and Matrix Group Limited (in liquidation) (3), pursuant to which Mobeus is entitled to receive performance related incentive fees subject to achieving certain defined targets.

Mobeus is entitled to receive a performance incentive fee of an amount equal to 20% of excess annual dividends declared and paid in an accounting period to the holders of MIG 4 Shares in excess of annual dividend target return of 8.31p (subject to annual RPI increases) per MIG 4 Share, subject to the maintenance of a NAV per MIG 4 Share at an NAV base. The NAV base is 114.86p. The performance incentive fee is payable annually and any cumulative shortfalls against the annual dividend target return have to be made up before any entitlement arises. The current cumulative dividend shortfall (ignoring the RPI increase for the current year) is 20.51p.

The agreement allows for MIG 4 and Mobeus (subject to the opinion of the auditors) to adjust the conditions to, and calculation of, the fee in relation to changes to the share capital of MIG 4 which affect the basis of the conditions and calculations.

The agreement will terminate automatically if MIG 4 enters into liquidation or if a receiver or administrator is appointed or if a resolution is passed that MIG 4 is voluntarily wound up in accordance with the MIG 4 Articles.

- 5.3 A letter of engagement dated 7 October 2013 from Howard Kennedy pursuant to which Howard Kennedy was appointed as sponsor to MIG, MIG 2, MIG 4 and I&G in connection with the 2013 Offer. MIG, MIG 2, MIG 4 and I&G agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.
- 5.4 An offer agreement dated 27 November 2013 between MIG, MIG 2, MIG 4 and I&G (1), the Directors (2) Mobeus (3) and Howard Kennedy (4) whereby Mobeus has agreed to act as promoter in connection with the 2013 Offer and Howard Kennedy has agreed to act as sponsor in connection with the 2013 Offer. The agreement contained warranties given by MIG, MIG 2, MIG 4 and I&G and the MIG 4 Directors to Mobeus and given by MIG, MIG 2, MIG 4 and I&G, the MIG 4 Directors and Mobeus to Howard Kennedy. MIG, MIG 2, MIG 4 and I&G have agreed to pay Mobeus a commission of 3.25% of the Investment Amount on each application received and accepted under the 2013 Offer out of which will be paid all costs, charges and expenses of or incidental to the 2013 Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).
- 5.5 A letter of engagement dated 19 November 2014 from Howard Kennedy pursuant to which Howard Kennedy has been appointed as sponsor to the Companies in connection with the Offer. The Companies have agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.

- 5.6 An offer agreement dated 10 December 2014 between MIG (1), MIG 2 (2), MIG 4 (3), I&G (4), the Directors (5), Howard Kennedy (6) and Mobeus (7) whereby Mobeus has agreed to act as promoter in connection with the MIG 4 Offer and Howard Kennedy has agreed to act as sponsor in connection with the MIG 4 Offer. The agreement contains indemnities and warranties given by MIG 4 and the MIG 4 Directors respectively to Mobeus and Howard Kennedy. The indemnities relate to any loss suffered by Mobeus or Howard Kennedy in respect of their roles as promoter and sponsor which is customary in an agreement of this nature. MIG 4 has agreed to pay Mobeus a commission of an amount representing 3.25% of the Investment Amounts in respect of applications accepted under the MIG 4 Offer, less (i) an amount equal to the Early Investment Incentive discount in respect of such applications and less (ii) any 'execution only' initial commission offered by Mobeus in respect of such applications, but waived by the 'execution only' intermediary concerned, and less (iii) any additional amounts by which Mobeus has agreed to reduce its fees further (in whole or part) in respect of such applications (such amount being inclusive of VAT), out of which will be paid all costs, charges and expenses of or incidental to the Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).

## **6 Objective and investment policy**

### **6.1 Objective**

The objective of MIG 4 is to provide investors with a regular income stream by way of tax-free dividends and to generate capital growth through portfolio realisations, which can be distributed by way of additional tax-free dividends.

### **6.2 Investment policy**

MIG 4's policy is to invest primarily in a diversified portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

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

MIG 4 has a small legacy portfolio of investments in companies from the period prior to 1 August 2006, when it was a multi-managed VCT. This includes investments in early stage and technology companies.

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

#### ***VCT regulation***

The investment policy is designed to ensure that MIG 4 continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, MIG 4 may not invest more than 15% of its investments in a single company or group of companies and must have at least 70% by value of its investments throughout the year in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% by value (70% for funds raised from 6 April 2011) must be in ordinary shares which carry no preferential rights. In addition, although MIG 4 can invest less than 30% (70% for funds raised from 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

### ***UK companies***

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

### ***Asset mix***

MIG 4 initially holds its funds in a portfolio of readily realisable, interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 80% of net funds raised in qualifying investments.

### ***Risk diversification and maximum exposures***

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to maximise the amount which may be invested in loan stock.

### ***Co-investment***

MIG 4 aims to invest in larger, more mature unquoted companies through investing alongside three other VCTs advised by Mobeus with a similar investment policy. This enables MIG 4 to participate in combined investments advised on by Mobeus of up to £5 million in aggregate.

### ***Borrowing***

MIG 4's Articles permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein), although MIG 4 has never borrowed and the MIG 4 Board has no current plans to undertake any borrowing.

### ***Management***

The MIG 4 Board has overall responsibility for MIG 4's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by Mobeus and are then subject to formal approval by the MIG 4 Directors.

- 6.3 MIG 4's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC.
- 6.4 It is the intention of the MIG 4 Directors that MIG 4 will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.5 MIG 4 is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part Ten of the Securities Note, and in the Listing Rules which specify that (i) MIG 4 must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6 above; (ii) MIG 4 must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) MIG 4 may not invest more than 10% , in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of MIG 4 will require the approval of MIG 4 Shareholders pursuant to the Listing Rules. MIG 4 intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:
  - (a) MIG 4's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;

- (b) MIG 4 will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - (c) none of the investments at the time of acquisition will represent more than 15% by VCT value of MIG 4's investments; and
  - (d) not more than 20% of MIG 4's gross assets will at any time be invested in the securities of property companies.
- 6.6 Mobeus has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type which MIG 4 proposes to make. The MIG 4 Directors will also ensure that the board of MIG 4 and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.7 In the event of a breach of the investment restrictions which apply to MIG 4 as described in paragraph 6.3 above, Shareholders of MIG 4 will be informed by means of the half-yearly and/or the annual report or through a public announcement.
- 6.8 The MIG 4 Directors act and will continue to act independently of Mobeus. No majority of the MIG 4 Directors will be directors or employees of, or former directors or employees of, or professional advisers to, Mobeus or any other company in the same group as Mobeus.
- 6.9 The investment policy as set out in this paragraph 6 above, in the absence of unforeseen circumstances, will be adhered to by MIG 4 for at least three years following the date of close of the MIG 4 Offer. Any material change to MIG 4's investment policy in any event will only be made with the approval of the shareholders of MIG 4 by ordinary resolution.

## **7 Related party disclosures**

Related party transactions for MIG 4 undertaken in the financial years ended 31 January 2011, 2012, the 11 month period to 31 December 2012 and the year ended 31 December 2013 are set out in the respective audited report and accounts for those year/period ends, which, together with the unaudited half-yearly reports for the six month periods ended 30 June 2014, are incorporated by reference: on page 53 for the year ended 31 January 2011, in pages 32 and 33 for the year ended 31 January 2012, in Note 3 on page 28 for the 11 month period ended 31 December 2012, in Note 3 on page 48 for the year ended 31 December 2013 and on pages 17 and 19 for the half year to 30 June 2014. Apart from the payment of the MIG 4 Directors' remuneration on the basis set out in paragraph 3.4 above, investment management, administration and performance incentive fees as set out in paragraphs 5.1 and 5.2 above, and the promotion fees as set out in paragraph 5.4 above there have been no other related party payments in the current year to the date of this document. Save for the entering into of the offer agreement as set out in paragraph 5.6 above, MIG 4 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 June 2014.

## **8 Overseas investors**

The issue of Offer Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such investors should inform themselves about and observe any legal requirements, in particular:

- 8.1 none of the Offer Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;
- 8.2 the Companies are not registered under the United States Investment Company Act of



1940, as amended and investors are not entitled to the benefits of that Act; and

- 8.3 no offer is being made, directly, under the MIG 4 Offer, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of Offer Shares, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## **9 Taxation**

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the MIG 4 Directors as to the position of the Companies' Shareholders who hold MIG 4 Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by MIG 4 when it pays a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - MIG 4 has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the MIG 4 Shares. MIG 4 has been advised that the transfer of MIG 4 Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 9.3 Close company - the MIG 4 Directors believe that MIG 4 is not, and expect that following completion of the MIG 4 Offer will not be, a close company within the meaning of the Tax Act. If MIG 4 were a close company in any accounting period, approval as a Venture Capital Trust would be withdrawn.

## **10 Miscellaneous**

- 10.1 There has been no significant change in the financial or trading position of MIG 4 since 30 June 2014, the date to which the most recent unaudited half-yearly financial statements for MIG 4 have been published.
- 10.2 Mobeus is the promoter of the MIG 4 Offer and, save as disclosed in paragraph 5 above, no amount of cash, securities or benefits has been paid, issued or given to the promoter and none is intended to be paid, issued or given.
- 10.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which MIG 4 is aware) during the period from the incorporation of MIG 4 which may have or had in the recent past significant effects on MIG 4's financial position or profitability.
- 10.4 There are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect MIG 4's operations.
- 10.5 The issue costs payable by MIG 4 under the MIG 4 Offer (including irrecoverable VAT) will be an amount equal to 3.25% of the Investment Amount in respect of each application accepted under the MIG 4 Offer plus annual trail commission and any amounts due from MIG 4 to the investor in connection with the facilitation of initial financial adviser charges. Assuming that the MIG 4 Offer is fully subscribed and

ignoring annual trail commission, the maximum expenses and the minimum net proceeds will be £195,000 and £5,805,000 respectively. The issue premium on a MIG 4 Share issued pursuant to the MIG 4 Offer will be the difference between the issue price of that share and the nominal value thereof of 1p.

- 10.6 MIG 4's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described in paragraph 6 above.
- 10.7 MIG 4 does not have any major shareholders and no shareholders have different voting rights. To the best of the knowledge and belief of the MIG 4 Directors, MIG 4 is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of MIG 4.
- 10.8 MIG 4 and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.9 The typical investor for whom investment in MIG 4 is designed is a retail investor who is a UK taxpayer, aged 18 or over and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risk factors set out at the beginning of this document and be willing to retain the investment for at least five years.
- 10.10 BDO LLP acts as auditors to MIG 4. BDO LLP is registered to carry on audit work and is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.
- 10.11 Howard Kennedy has given and not withdrawn its written consent to the issue of the Prospectus and the inclusion of its name and the references to it in the Prospectus in the form and context in which they appear.

## **(B) ANALYSIS OF THE INVESTMENT PORTFOLIO**

All of MIG 4's investments as at today's date, which are analysed below, are in the UK and are valued in sterling.

| <b>Sector</b>                  | <b>% by cost</b> | <b>% by value</b> |
|--------------------------------|------------------|-------------------|
| General Retailers              | 19.1             | 20.1              |
| Support Services               | 40.1             | 43.9              |
| Acquisition vehicles           | 7.0              | 7.4               |
| General Industrials            | 4.1              | 4.3               |
| Healthcare equipment services  | 5.2              | 5.8               |
| Pharmaceuticals                | 1.9              | 0.5               |
| Media                          | 6.4              | 6.5               |
| Software and computer services | 6.5              | 5.8               |
| Construction                   | 2.8              | 0.1               |
| Personal goods                 | 1.6              | 0.0               |
| Fixed Line Telecommunications  | 5.3              | 5.6               |

| <b>Type</b>                               | <b>% by cost</b> | <b>% by value</b> |
|---|------------------|-------------------|
| Unlisted ordinary shares                  | 14.3             | 10.0              |
| Unlisted loan stock and preference shares | 36.6             | 39.3              |
| Listed ordinary shares                    | 0.4              | 0.6               |
| Cash/liquidity                            | 48.7             | 50.1              |

Save for realisations of Ingleby (1879) Limited (trading as EMaC), Focus Pharma Holdings Limited and Youngman Group Limited for net cash of £2.94 million, £1.53 million and £0.81 million respectively, loan repayments by Fullfield Limited of £43,000, an additional loan to Gro-Group Holdings of £38,000, a share repayment by Tharstern Group Limited of £9,000, an investment of £1.18 million in Leap New Co Limited (trading as Ward Thomas Removals), an investment of £0.52 million in Aussie Man & Van Limited and a further investment of £0.68 million in ASL Technology Holdings Limited, there has been no material change to the valuations used to prepare the above analysis (30 September 2014) being the date on which those unaudited valuations were undertaken).

### (C) FINANCIAL INFORMATION

MIG 4 has produced annual statutory accounts for the financial years ended 31 January 2011, 2012, the 11 month period ended 31 December 2012, year ended 31 December 2013 and the half-yearly reports for the six month periods ended 30 June 2013 and 2014. The auditors PKF (UK) LLP (as now acquired by BDO LLP of 55 Baker Street, London W1U 7EU) in respect of the financial years ended 31 January 2011, 2012, the 11 month period ended 31 December 2012 and BDO LLP in respect of the financial year ended 31 December 2013 have reported on the annual statutory accounts without qualification and without statements under sections 495 to 497A of CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports contain a description of MIG 4's financial condition, changes in financial condition and results of operation for each relevant financial year/period and, together with the half-yearly report for the six month period ended 30 June 2013 and 2014 are being incorporated by reference and can be accessed at the following website:

[www.mig4vct.co.uk](http://www.mig4vct.co.uk)

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. The two tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

| Description  | 2011 Annual Report | January 2012 Annual Report | December 2012 Annual Report | 2013 Annual Report | 2013 Half-Yearly Report | 2014 Half-Yearly Report |
|--|--------------------|----------------------------|-----------------------------|--------------------|-------------------------|-------------------------|
| Balance Sheet  | Page 47            | Page 52                    | Page 33                     | Page 42            | Page 13                 | Page 15                 |
| Income Statement (or equivalent)                             | Page 46            | Page 51                    | Page 32                     | Page 41            | Pages 11 to 12          | Pages 13 to 14          |
| Statement showing all changes in equity (or equivalent note) | Page 48            | Page 54                    | Page 34                     | Page 43            | Page 14                 | Page 16                 |
| Cash Flow Statement  | Page 49            | Page 53                    | Page 35                     | Page 44            | Page 15                 | Page 17                 |
| Accounting Policies and Notes                                | Pages 50 to 68     | Pages 55 to 72             | Page 36                     | Pages 45 to 65     | Pages 16 to 20          | Pages 18 to 22          |
| Auditor's Report   | Pages 44 to 45     | Pages 49 to 50             | Page 31                     | Pages 39 to 40     | N/A                     | N/A                     |

This information has been prepared in a form consistent with that which will be adopted in MIG 4's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

| <b>Description</b>   | <b>2011 Annual Report</b> | <b>January 2012 Annual Report</b> | <b>December 2012 Annual Report</b> | <b>2013 Annual Report</b> | <b>2013 Half-Yearly Report</b> | <b>2014 Half-Yearly Report</b> |
|----------------------|---------------------------|-----------------------------------|------------------------------------|---------------------------|--------------------------------|--------------------------------|
| Objective            | Inside front cover        | Inside front cover                | Inside front cover                 | Inside front cover        | Inside front cover             | Inside front cover             |
| Performance Summary  | Pages 1 to 2              | Pages 1 to 3                      | Pages 1 to 2                       | Pages 5 to 9              | Page 2                         | Pages 1 to 2                   |
| Results & Dividend   | Pages 24 to 25            | Page 28                           | Page 20                            | Page 24                   | Page 3                         | Page 3                         |
| Investment Policy    | Pages 8 to 9              | Pages 10 to 11                    | Page 7                             | Page 20                   | Page 6                         | Page 6                         |
| Chairman's Statement | Pages 3 to 6              | Pages 4 to 9                      | Pages 3 to 6                       | Pages 2 to 3              | Pages 3 to 5                   | Pages 3 to 5                   |
| Manager's Review     | Pages 12 to 18            | Pages 12 to 19                    | Pages 8 to 9                       | Pages 10 to 11            | Pages 7 to 8                   | Pages 7 to 9                   |
| Portfolio Summary    | Pages 10 to 11            | Pages 20 to 21                    | Pages 14 to 17                     | Pages 16 to 19            | Pages 9 to 10                  | Pages 10 to 11                 |
| Valuation Policy     | Page 50                   | Pages 55 to 56                    | Pages 36 to 55                     | Pages 45 to 47            | Page 16                        | Page 18                        |

Certain financial information of MIG 4 is also set out below:

| <b>Description</b>                                 | <b>2011 Annual Report</b> | <b>Year ended 31 January 2012 (audited)</b> | <b>11 month period ended 31 December 2012 (audited)</b> | <b>Year ended 31 December 2013 (audited)</b> |
|--|---------------------------|---|---|--|
| Investment income                                  | £633,882                  | £955,864                                    | £973,259  | £1,737,504                                   |
| Profit/loss on ordinary activities before taxation | £1,893,790                | £1,643,274                                  | £1,487,093  | £3,492,070                                   |
| Earnings per MIG 4 Share                           | 9.04p                     | 6.62p                                       | 5.26p   | 10.31p                                       |
| Dividends per MIG 4 Share                          | 3.0p                      | 3.0p  | 5.0p  | 7.5p   |
| Total assets                                       | £25,554,860               | £29,418,665                                 | £33,537,271   | £42,318,393                                  |
| NAV per MIG 4 Share                                | 112.87p                   | 116.7p                                      | 117.3p  | 119.92p                                      |

| <b>Description</b>                                 | <b>Six month period ended 30 June 2013 (unaudited)</b> | <b>Six month period ended 30 June 2014 (unaudited)</b> |
|--|--|--|
| Investment income                                  | £774,873   | £1,329,316   |
| Profit/loss on ordinary activities before taxation | £2,231,780   | £4,378,632   |
| Earnings per MIG 4 Share                           | 6.86p  | 11.19p   |
| Dividends per MIG 4 Share                          | 5.5p   | 4.0p   |
| Total assets                                       | 41,678,922   | £53,098,000  |
| NAV per MIG 4 Share                                | 118.28   | 126.29p  |

As at 30 June 2014, the date to which the most recent unaudited half-yearly financial statements on MIG 4 were published, MIG 4 had unaudited net assets of £52.8 million. As at 30 September 2014, MIG 4 had unaudited net assets of £48.5 million.

## **PART IV - I&G**

### **(A) GENERAL INFORMATION**

#### **1. Incorporation and registered office**

- 1.1 The legal and commercial name of I&G is The Income & Growth VCT plc.
- 1.2 I&G was incorporated and registered in England and Wales as a public company with limited liability on 6 September 2000 with registered number 04069483, under the name TriVest VCT plc. The company name was changed to The Income & Growth VCT plc on 9 October 2007.
- 1.3 I&G was issued with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) on 28 September 2000.
- 1.4 The principal legislation under which I&G operates is CA 2006 and regulations made thereunder.
- 1.5 I&G's registered office and principal place of business is at 30 Haymarket, London SW1Y 4EX. I&G is domiciled in England. I&G does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.6 HMRC has granted approval of I&G as a VCT under section 259 of the Tax Act. The business of I&G has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.7 I&G revoked its status as an investment company under section 266 of CA 1985 on 30 November 2005 for the purposes of paying a capital dividend and does not intend to re-apply for such status. I&G is not authorised and/or regulated by the FCA or an equivalent overseas regulator.
- 1.8 I&G Shares are admitted to the Official List of the UK Listing Authority to trading on the main market of the London Stock Exchange and have an International Securities Identification Number of GB00B29BN198.
- 1.9 I&G is not regulated by the FCA or an equivalent European Economic Area regulator but it is subject to regulation by HMRC under the VCT rules in order to qualify as a VCT. I&G is, however, an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). In addition, as a premium listed entity on the main market of the London Stock Exchange, I&G is subject to the rules and regulations issued by the UK Listing Authority from time to time. I&G is not otherwise regulated.

#### **2. Share capital**

- 2.1 The authorised share capital of I&G on incorporation was £850,000, divided into 80,000,000 ordinary shares of 1p each and 5,000,000 redeemable non-voting shares of 1p each. On incorporation, twenty ordinary shares of 1p each in the capital of I&G were issued nil paid to the subscribers to its Memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 To enable I&G to obtain a certificate under section 117 of CA 1985 (now section 761 of CA 2006), on 28 September 2000, 5,000,000 redeemable non-voting shares of 1p each were allotted by I&G at par for cash, paid up as to one quarter of their nominal value. Such redeemable non-voting shares were paid up in full and redeemed in full out of the proceeds of the original offer for subscription on 2 November 2000. The authorised but unissued shares so arising were automatically redesignated as I&G Shares and I&G's articles of association were amended by the deletion of all references to the

redeemable non-voting shares and the rights attaching to them pursuant to a special resolution passed on 9 October 2007.

2.3 As at 31 March 2014, the date to which the last unaudited half-yearly financial statements for I&G have been published, the issued share capital of I&G was 57,928,126 I&G Shares (all fully paid up).

2.4 The issued share capital history of I&G since 30 September 2010 is as follows:

- During the financial year ended 30 September 2011, I&G issued 5,370,922 I&G Shares and bought back 1,649,765 I&G Shares. As at 30 September 2011, the issued share capital of I&G comprised 40,692,048 I&G Shares, none of which were held in treasury.
- During the financial year ended 30 September 2012, I&G issued 6,419,219 I&G Shares and bought back 995,611 I&G Shares. As at 30 September 2012, the issued share capital of I&G comprised 46,115,656 I&G Shares, none of which were held in treasury.
- During the financial year ended 30 September 2013, I&G issued 16,039,294 I&G Shares and bought back 9,066,731 I&G Shares. As at 30 September 2013, the issued share capital of I&G comprised 53,088,219 I&G Shares, none of which were held in treasury.
- During the financial year ended 30 September 2014, I&G issued 7,989,659 I&G Shares and bought back 600,938 I&G Shares.
- During the current period to 9 December 2014 (being the latest practicable date prior to the publication of this document) I&G issued 652,411 I&G Shares and bought back nil I&G Shares.
- As at 30 September 2014, the issued share capital of I&G comprised 60,476,940 I&G Shares none of which were held in treasury.

2.5 At the date of this document, I&G had 61,129,351 Shares in issue (all fully paid up).

2.6 The following resolutions of I&G were passed at the annual general meeting of I&G held on 12 February 2014:

- (a) That, in substitution for any existing authorities, the I&G Directors were generally and unconditionally authorised pursuant to section 551 of CA 2006 to exercise all the powers of I&G to allot I&G Shares and to grant rights to subscribe for, or convert, any security into I&G Shares up to an aggregate nominal value of £159,250, provided that the authority conferred by this resolution shall expire (unless renewed, revoked or varied by I&G in a general meeting) on the date falling fifteen months after the passing of this resolution, or, if earlier, at the conclusion of the annual general meeting of I&G to be held in 2015 but so that this authority shall allow I&G to make before the expiry of this authority offers or agreements which would or might require I&G Shares to be allotted or rights to be granted after such expiry and the I&G Directors shall be entitled to allot I&G Shares or grant rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.
- (b) That, in substitution for any existing authorities, the I&G Directors were empowered in accordance with sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of CA 2006) for cash, pursuant to the authority conferred upon them by the resolution set out in paragraph (a) above, or by way of a sale of treasury shares, as if section 561(1) of CA 2006 did not apply to any such sale or allotment, provided that the power conferred by this resolution is limited to:



- (i) the allotment and issue of equity securities up to an aggregate nominal value representing £106,162 in connection with offer(s) for subscription;
- (ii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, 5% of the issued I&G Share capital from time to time pursuant to any dividend investment scheme operated by I&G at a subscription price per I&G Share which is less than the net asset value per I&G Share; and
- (iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 5%, of the issued I&G Share capital from time to time;

in each case where the proceeds of the allotment may be used in whole or in part to purchase I&G Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by I&G in general meeting), on the date falling fifteen months after the passing of this resolution, or, if earlier, at the conclusion of the annual general meeting of I&G to be held in 2015, except that I&G may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the I&G Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

- (c) That, in substitution for any existing authorities, I&G was authorised pursuant to and in accordance with section 701 of CA 2006 to make one or more market purchases (within the meaning of section 693(4) of CA 2006) of its own I&G Shares provided that:
  - (i) the aggregate number of I&G Shares which may be purchased shall not exceed 7,950,000 or, if lower, such number of I&G Shares (rounded down to the nearest whole share) as shall equal 14.99% of I&G Shares in issue at the date of the passing of the resolution;
  - (ii) the minimum price which may be paid for an I&G Share is one penny (the nominal amount thereof);
  - (iii) the maximum price which may be paid for an I&G Share shall be the higher of: (a) an amount equal to 5% above the average of the middle market quotations for an I&G Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the I&G Share is contracted to be purchased; and (b) the price stipulated by article 5(1) of the Buy Back and Stabilisation Regulations 2003 (EC2273/2003);
  - (iv) the authority conferred by this resolution shall by I&G in general meeting expire (unless previously renewed, varied or revoked by I&G in general meeting) on the date falling fifteen months after the passing of this resolution, or, if earlier, at the conclusion of the annual general meeting of I&G to be held in 2015; and
  - (v) I&G may make a contract or contracts to purchase its own I&G Shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own I&G Shares pursuant to any such contract.

It is the current intention of the Directors of I&G to renew these authorities at its annual general meeting convened in 2015.



2.7 There are no other shares or loan capital in I&G in issue or under option or agreed conditionally or unconditionally to be put under option nor does I&G hold shares in treasury.

2.8 Following the issue of I&G Shares pursuant to the I&G Offer (assuming the maximum 13 million I&G Shares are allotted) the issued share capital of I&G is expected to be as follows:

|            | Issued     |            |
|------------|------------|------------|
|            | Number     | £          |
| I&G Shares | 74,129,351 | 741,293.51 |

2.9 The I&G Shares are/will be in registered form and no temporary documents of title will be issued. I&G is registered with CREST, a paperless settlement system, and those Shareholders who wish to hold their I&G Shares in electronic form may do so.

2.10 I&G will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of I&G which is not subject to the disapplication referred to in paragraph 2.13 above.

2.11 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), I&G is not aware of any person who, immediately following the issue of the Offer Shares, directly or indirectly, has or will have an interest in the capital of I&G or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more must be notified to I&G).

### 3. Directors' and other interests

3.1 The Board of I&G comprises three non-executive directors, all of whom are independent of Mobeus except for Helen Sinclair. The Board of I&G has substantial experience of venture capital businesses and has overall responsibility for I&G's affairs, including its investment policy. Mobeus acts as investment adviser.

3.2 As at 9 December 2014 (this being the latest practicable date prior to publication of this document), the interests of the I&G Directors (and their immediate families) in the issued share capital of I&G were as follows:

|                     | I&G Shares | % of issued I&G Share capital |
|---------------------|------------|-------------------------------|
| Colin Hook          | 68,219     | 0.11%                         |
| Jonathan Cartwright | 14,316     | 0.02%                         |
| Helen Sinclair      | 17,204     | 0.03%                         |

3.3 Save as set out above, no I&G Director, family member or any person connected with any I&G Director (within the meaning of section 252 of CA 2006) has any interest in the capital of I&G which is or would, immediately following the I&G Offer, be required to be notified pursuant to section 809 of CA 2006 or which is or would be required to be entered in the register maintained under section 809 of CA 2006.

3.4 Colin Hook was appointed under a letter of appointment dated 30 September 2000. Helen Sinclair was appointed under a letter of appointment dated 14 January 2003. Jonathan Cartwright was appointed under a letter of appointment dated 16 July 2010. None of the I&G Directors has a service contract and their appointments are all subject to a three months' notice period. All I&G Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period nor any right to compensation if they cease to be directors. The total annual remuneration receivable by Colin Hook as chairman of I&G is £46,000 (plus, if applicable, VAT and employers National Insurance Contributions). The total annual remuneration receivable by Helen

Sinclair and Jonathan Cartwright is £36,000 each (in each case plus, if applicable, VAT and employers National Insurance Contributions). The office of non-executive director of I&G is not pensionable and no retirement or similar benefits are provided to the I&G Directors. Aggregate I&G Directors' emoluments in respect of qualifying services for the period ended 30 September 2013 amounted to £123,000 (being £46,000 for Colin Hook, £36,000 for Helen Sinclair and £41,000 for Jonathan Cartwright (including a one-off additional £5,000 paid to Jonathan Cartwright for specific additional tasks) plus, if applicable, VAT and National Insurance Contributions. Aggregate emoluments for the current financial year are expected to be £118,000 (plus, if applicable, VAT and National Insurance).

- 3.5 Save for Helen Sinclair in respect of her directorships of British Smaller Companies VCT plc, Spark Ventures plc and Downing ONE VCT plc, which have all been approved by the I&G Board, there are no potential conflicts of interest between the duties of any I&G Director and their private interests and/or other duties.
- 3.6 No I&G Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of I&G and which was effected by I&G in the years ended 30 September 2011, 2012 and 2013 or to the date of this document in the current financial year or and remains in any respect outstanding or unperformed.
- 3.7 No loan or guarantee has been granted or provided by I&G to or for the benefit of any of the I&G Directors.
- 3.8 I&G has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.9 The I&G Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 12 to 14.
- 3.10 No I&G Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.11 Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the I&G Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager during the previous five years:
  - (a) Colin Hook was a director of IBIS Designs Limited which was voluntarily struck off the Register of Companies in 2013. IBIS Designs Limited was neither insolvent nor owed any amounts to creditors at the date of this document.
  - (b) Jonathan Cartwright was a director of Caledonia EI Distribution Limited until December 2009. The company was subsequently placed in members' voluntary liquidation in April 2010. Caledonia EI Distribution Limited was neither insolvent nor owed any amounts to creditors at the date of its dissolution in March 2012. Jonathan was also a director of Aquilo Associates Limited which was voluntarily struck off the Register of Companies and dissolved in July 2013, being neither insolvent nor owing any amounts to creditors at the date of its dissolution.
  - (c) Helen Sinclair was a director of Octopus Eclipse VCT 3 plc which was placed into members' voluntary liquidation on 31 October 2012 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with Octopus Eclipse VCT plc. Octopus Eclipse VCT 3 plc was neither insolvent nor owed any amounts to creditors at the time of its dissolution in April 2014. Helen Sinclair is also a director of Downing Income VCT 4 plc which was placed into members' voluntary liquidation on

12 November 2013 pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction with Downing Distribution VCT 1 plc. Downing Income VCT 4 plc was neither insolvent nor owed any amounts to creditors at the date of this document.

- 3.12 There has been no official public incrimination and/or sanction of any I&G Director by statutory or regulatory authorities (including designated professional bodies) and no I&G Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

#### 4. **Management and administration**

- 4.1 The I&G Directors are responsible for the determination of the investment policy and have overall responsibility for its affairs. The I&G Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of I&G. Mobeus has been appointed as investment adviser providing investment advisory, administrative and company secretarial services to I&G on the terms set out at paragraphs 5.1 and 5.2 below. The existing management agreement set out at paragraph 5.1 below will automatically cover the management and fees in relation to the new funds raised by I&G pursuant to the I&G Offer and the performance incentive arrangements set out in paragraph 5.2 will also automatically extend to such funds

- 4.2 As is customary in the private equity industry, Mobeus may retain for its own benefit and without liability to account to I&G, subject to full disclosure having been made to the I&G Directors, arrangement fees which it receives in connection with any unquoted investment made by I&G. It may also receive all monitoring fees or directors' fees charged to investee companies. Costs incurred on abortive investment proposals will be the responsibility of Mobeus.

- 4.3 Mobeus is responsible for the determination and calculation of I&G's net asset value, which is prepared quarterly for approval by the I&G Directors. All unquoted investments are valued in accordance with IPEVC Valuation Guidelines under which investments are held at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. I&G's net asset value will be calculated quarterly and published on an appropriate regulatory information service.

If, at any time, I&G's VCT status is lost, dealing in its shares and valuation of I&G's net asset value will normally be suspended, which will be communicated to shareholders on an appropriate regulatory information service until such time as proposals to continue as a VCT or to be wound up have been further announced. The I&G Directors do not anticipate any other circumstance under which valuations may be suspended.

- 4.4 I&G expects to co-invest with the other VCT funds advised by Mobeus, participating in equity investments up to £5 million in aggregate, as long as the business has not received funds from any state-aided risk capital in the 12 months prior to the date of investment.

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

When I&G has insufficient funds available to satisfy its allocation, the balance shall be offered to one or more of the funds advised by Mobeus who have funds available for

new investments pro rata as between themselves.

Any variation from this co-investment policy, insofar as it affects I&G or where I&G makes any investment not at the same time and on the same terms as that made by other funds advised by Mobeus, may only be made with the prior approval of the I&G Directors who are independent of Mobeus.

Save for the above, there are no material potential conflicts of interest which Mobeus may have as between its duty to I&G and duties owed by them to third parties and their interests.

- 4.5 PricewaterhouseCoopers LLP receives an annual fee of up to £10,000 plus VAT for providing advice and assistance in relation to the maintenance of the VCT status of I&G. If requested by I&G, PricewaterhouseCoopers LLP will also review prospective investments to ensure that they are qualifying venture capital investments and carry out reviews of the investment portfolio of I&G to ensure continuing compliance.
- 4.6 I&G has and will continue to have custody of its own assets:
- I&G's monetary assets are and will be held in bank accounts and/or money market accounts in I&G's own name; and
  - I&G's investments in both quoted and unquoted investments and the corresponding share certificates are and will also be held in I&G's own name.
- 4.7 A maximum of 75% of I&G's management expenses will be charged against capital with the balance to be met from income.
- 4.8 All of the I&G Directors are members of the audit committee with Jonathan Cartwright acting as chairman. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:
- review the half year and annual financial statements before submission to the I&G Directors, including meeting with the auditors;
  - making recommendations to the I&G Directors in relation to the appointment, re-appointment and removal of the external auditor;
  - monitoring the effectiveness of I&G's internal control systems;
  - reviewing the scope and the results of the audit and ensuring its cost effectiveness; and
  - reviewing and assessing the external audit process.
- 4.9 All of the I&G Directors are also members of the nomination and remuneration committee with Jonathan Cartwright acting as Chairman. The nomination and remuneration committee members (who have responsibility for reviewing the remuneration of the I&G Directors) meet at least annually to consider the levels of remuneration of the I&G Directors, specifically reflecting the time commitment and responsibilities of the role. The committee also undertakes comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The nomination and remuneration committee also meets annually to consider the composition and balance of skills, knowledge and experience of all of the I&G Directors and would make nominations to the I&G Directors in the event of a vacancy. New I&G Directors are required to resign at the annual general meeting following appointment and then thereafter every three years. New directors are provided with an induction pack and an induction session is arranged in conjunction with the Board and Mobeus.

- 4.10 The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (formerly the Combined Code) an updated version of which was issued by the Financial Reporting Council in September 2014 for all companies who are now operating in financial years on or after 29 June 2010.

The I&G Board has also considered the principles and recommendations of the AIC Code of Corporate Governance (“AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to I&G.

The Financial Reporting Council has confirmed that in complying with the AIC Code, I&G meets its obligations in relation to the UK Corporate Governance Code and the Listing Rules. The I&G Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

For the year ended 30 September 2014 and as at the date of this document, I&G has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except where noted below. There are certain areas of the UK Corporate Governance Code that the AIC does not consider relevant to investment companies and with which I&G does not specifically comply, of which the AIC Code provides dispensation. The areas and reasons for non-compliance are as follows:

- in light of the responsibilities retained by the I&G Board and its committees and of the responsibilities delegated to Mobeus, I&G has not appointed a chief executive officer or executive directors;
- due to the size of the I&G Board, the size of the business and the fact that the Board is comprised solely of non-executive directors, the I&G Board have decided that it is inappropriate for the time being to appoint a senior independent director or deputy chairman and this role is fulfilled as appropriate by the chairman of the Audit Committee; and
- due to the systems and procedures of Mobeus, the provision of VCT tax monitoring services by PricewaterhouseCoopers LLP, as well as the size of I&G’s operations, the I&G Board believe that an internal audit function is not appropriate.

I&G has not, therefore, reported further in respect of these provisions.

## **5 Material contracts**

Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by I&G in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which I&G has an obligation or entitlement which is material to I&G as at the date of the document.

- 5.1 An investment management agreement dated 29 March 2010 between I&G (1) and Matrix Private Equity Partners LLP (2) (as amended by a deed of variation dated 12 November 2010) pursuant to which Mobeus (then Matrix Private Equity Partners LLP) is appointed to provide advisory investment management services in respect of I&G’s investments in VCT qualifying investments.

Mobeus is entitled to an annual management fee of an amount equal to 2.4% of the net asset value per annum (0.4% of such fee being subject to a minimum of £150,000 and

a maximum of £170,000 the remainder of such fee not being subject to any cap) of I&G, payable quarterly in arrears, inclusive of VAT, if any.

The above fees are subject to an annual expenses cap of over and above 3.25% of the net assets of I&G by way of a reduction of fees due to Mobeus in the following accounting period(s). For these purposes annual expenses include the normal running costs of I&G (including irrecoverable VAT but excluding annual trail commission and performance incentive payments). The amount of the excess is borne in full by Mobeus.

The agreement is terminable by either party by 12 months' notice by any party subject to earlier termination by any party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the agreement or by I&G if it fails to become, or ceases to be, a VCT for tax purposes or where Mobeus ceases to be authorised by the FCA or if there is a change in control of Mobeus. The agreement contains provisions indemnifying Mobeus against any liability not due to its default, gross negligence, fraud or breach of FSMA.

- 5.2 A performance incentive agreement dated 16 December 2008 (effective from 12 September 2007) between I&G (1) Foresight Group LLP (2) and Matrix Private Equity Partners LLP (3) as varied by a deed of termination and variation between I&G (1) and Matrix Private Equity Partners LLP (2) dated 29 March 2010 pursuant to which I&G granted to each of Mobeus (then Matrix Private Equity Partners LLP) and Foresight Group LLP (the former joint investment adviser of I&G), the right to receive performance incentive payments in connection with the management of the former I&G ordinary shares fund.

Until 30 September 2013, Mobeus was entitled to receive a performance related incentive payment (payable in cash or shares) based on realised gains from the investment portfolio which it manages. The performance payment represents an amount equal to 20% of any excess (over the investment growth hurdle detailed below) of realised gains over realised losses from these investments during each accounting period provided that in respect of the portfolio:

- at any calculation date, the value of the investment portfolio, based on the Company's normal accounting policies, adjusted for net realised gains and losses and total surplus income since 20 June 2007 was equal to or greater than the embedded value of the portfolio, as adjusted by new investments and the value of the Nova Asset Management portfolio (as at 30 June 2007); and
- such excess was subject to an investment growth hurdle of 6% per annum calculated from 1 July 2007.

Fees of £422,733 for the year ended 30 September 2008 and £1,584,811 for the year ended 30 September 2012 and £28,156 for the year ended 30 September 2013 have been paid to Mobeus from I&G. These are the only financial years for which a fee has been paid to date. The estimated incentive fee payable to Mobeus for the year ended 30 September 2014, and accounted for in the NAV that will be reported as at that date, is £1,279,000. This sum includes an amount of £191,000 that is subject to the 2% annual cap on payments. Any such amount will be payable in a subsequent year, as explained earlier in this paragraph.

Foresight Group LLP, in connection with its previous appointment as an investment adviser of I&G, has an ongoing entitlement to performance fees in respect of the portfolio of the original I&G ordinary shares fund (similar to the above but disregarding the terms relating to the merger of the original I&G ordinary shares and I&G S ordinary shares). Payments of £1,957,234 and £31,517 were made to Foresight Group LLP for the years ended 30 September 2012 and 30 September 2013 respectively. The estimated incentive fee payable to Foresight Group LLP for the year ended 30 September 2014 is £122,000. Following the termination of Foresight Group's appointment, its entitlement reduces proportionally over the ten years following such

termination. The agreement remains in force, but only with the former adviser, Foresight Group LLP, from 30 September 2013. That agreement is due to expire on 10 March 2019.

- 5.3 A deed of termination and new performance incentive agreement dated 30 September 2014 (effective from 1 October 2013 and terminating, in respect of Mobeus only, the performance incentive agreement detailed at paragraph 5.2 above) between I&G (1) and Mobeus (2) pursuant to which Mobeus will receive a payment of amount equal to 15% of net realised gains for each year, payable in cash. It is payable only if Cumulative Net Asset Value (NAV) total return per share (being the closing NAV at a year end plus cumulative dividends paid to that year end, since 1 October 2013) exceeds a Target Return. The Target Return is the greater of either:
- (i) compound growth of 6% per annum (but 5% per annum for the year ended 30 September 2014 only), before deducting any incentive fee payable for the year of calculation only, under both this amended agreement and the existing incentive agreement with Foresight Group LLP, in Cumulative NAV total return per share; or
  - (ii) the cumulative percentage change in the Consumer Prices Index since 1 October 2013 to the relevant financial year end, the resultant figure then being multiplied by  $(100+A)/100$ , where A is the number of full 12 month periods (or part thereof) that have passed between 1 October 2013 and the relevant financial year end (the result being that the cumulative increase in inflation is further uplifted to include a 1% above inflation increase per annum in the Target Return).

Both measures of Target Return are applied to the same opening base, being NAV per share as at 30 September 2013 of 113.90 pence. The objective of this Target Return is to enable shareholders to benefit from a Cumulative NAV return of at least 6% per annum (5% in the financial year ended 30 September 2014), before any incentive fee is payable. Once a payment has been made, Cumulative NAV total return is calculated after deducting past years' incentive fees paid and payable

Under this agreement, any fee payments to Mobeus are subject to an annual cap of an amount equal to 2% of the net assets of I&G as at the immediately preceding year end. This cap will include any fee payable to Foresight Group LLP under the old agreement, although any such payment to Foresight Group LLP is not capped. Any excess over 2% remains payable to Mobeus in the following year(s), subject again to the 2% annual cap in each subsequent year and after any payment in respect of such subsequent year(s).

- 5.4 A letter of engagement dated 7 October 2013 from Howard Kennedy pursuant to which Howard Kennedy was appointed as sponsor to MIG, MIG 2, MIG 4 and I&G in connection with the 2013 Offer. The Companies agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. MIG, MIG 2, MIG 4 and I&G's liability under this indemnity is unlimited. This engagement may be terminated at any time.
- 5.5 An offer agreement dated 27 November 2013 between MIG, MIG 2, MIG 4 and I&G (1), the Directors (2) Mobeus (3) and Howard Kennedy (4) whereby Mobeus agreed to act as promoter in connection with the 2013 Offer and Howard Kennedy has agreed to act as sponsor in connection with the 2013 Offer. The agreement contains warranties given by MIG, MIG 2, MIG 4 and I&G and the I&G Directors to Mobeus and given by MIG, MIG 2, MIG 4 and I&G, the I&G Directors and Mobeus to Howard Kennedy. MIG, MIG 2, MIG 4 and I&G have agreed to pay Mobeus a commission of 3.25% of the Investment Amount on each application received and accepted out of which will be paid all costs, charges and expenses of or incidental to the 2013 Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).

- 5.6 A letter of engagement dated 19 November 2014 from Howard Kennedy pursuant to which Howard Kennedy has been appointed as sponsor to the Companies in connection with the Offer. The Companies have agreed to indemnify Howard Kennedy for any loss suffered in respect of its role as sponsor which is a customary provision in an agreement of this nature. The Companies' liability under this indemnity is unlimited.
- 5.7 An offer agreement dated 10 December 2014 between MIG (1), MIG 2 (2), MIG 4 (3), I&G (4), the Directors (5), Howard Kennedy (6) and Mobeus (7) whereby Mobeus has agreed to act as promoter in connection with the I&G Offer and Howard Kennedy has agreed to act as sponsor in connection with the I&G Offer. The agreement contains indemnities and warranties given by I&G and the I&G Directors respectively to Mobeus and Howard Kennedy. The indemnities relate to any loss suffered by Mobeus or Howard Kennedy in respect of their roles as promoter and sponsor which is customary in an agreement of this nature. I&G has agreed to pay Mobeus a commission of an amount representing 3.25% of the Investment Amounts in respect of applications accepted under the I&G Offer, less (i) an amount equal to the Early Investment Incentive discount in respect of such applications and less (ii) any 'execution only' initial commission offered by Mobeus in respect of such applications, but waived by the 'execution only' intermediary concerned, and less (iii) any additional amounts by which Mobeus has agreed to reduce its fees further (in whole or part) in respect of such applications (such amount being inclusive of VAT), out of which will be paid all costs, charges and expenses of or incidental to the Offer (other than trail commission and any amounts due from the Companies to the investor in connection with the facilitation of initial financial adviser charges).

## **6 Objective and investment policy**

### **6.1 Objective**

The investment objective of I&G is to provide investors with an attractive return, by maximising the stream of tax-free dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments.

I&G invests in companies at various stages of development. In some instances this may include investments in new and secondary issues of companies which may already be quoted on the AIM market.

### **6.2 Investment policy**

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

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

I&G has a small legacy portfolio of investments in companies from the period prior to 30 September 2008, when it was a multi-managed VCT. This includes investments in early stage and technology companies, and companies quoted on the AIM market.

I&G's cash and liquid resources are invested in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

#### ***VCT regulation***

The investment policy is designed to ensure that I&G continues to qualify and is approved as a VCT by HMRC.



Amongst other conditions, I&G may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% by value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although I&G can invest less than 30% (70% for funds raised after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

### ***Asset mix***

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

### ***Risk diversification and maximum exposures***

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to achieve the optimum balance between loan stock and equity to provide protection against downside risk alongside the best potential overall returns.

### ***Co-investment***

I&G aims to invest in larger, more mature unquoted companies through investing alongside other VCTs advised by Mobeus with a similar investment policy.

### ***Borrowing***

I&G's Articles permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein). However, I&G has never borrowed and the I&G Board has no current plans to undertake any borrowing.

### **Management**

The I&G Board has overall responsibility for I&G's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by Mobeus and are then subject to formal approval by the I&G Directors.

- 6.3 It is the intention of the I&G Directors that I&G will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.4 I&G is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part Ten of the Securities Note, and in the Listing Rules which specify that (i) I&G must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6 above; (ii) I&G must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) I&G may not invest more than 10%, in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of I&G will require the approval of I&G Shareholders pursuant to the Listing Rules. I&G intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:

- (a) I&G's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
  - (b) I&G will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - (c) none of the investments at the time of acquisition will represent more than 15% by VCT Value of I&G's investments; and
  - (d) not more than 20% of I&G's gross assets will at any time be invested in the securities of property companies.
- 6.5 Mobeus has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type which I&G proposes to make. The I&G Directors will also ensure that the board of I&G and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.6 In the event of a breach of the investment restrictions which apply to I&G as described in paragraph 6.2 above, Shareholders of I&G will be informed by means of the half-yearly and/or the annual report or through a public announcement.
- 6.7 The I&G Directors act and will continue to act independently of Mobeus. No majority of the I&G Directors will be directors or employees of, or former directors or employees of, or professional advisers to, Mobeus or any other company in the same group as Mobeus.
- 6.8 The investment policy as set out in this paragraph 6 above, in the absence of unforeseen circumstances, will be adhered to by I&G for at least three years following the date of close of the MIG 4 Offer. Any material change to I&G's investment policy in any event will only be made with the approval of the shareholders of I&G by ordinary resolution.

## **7 Related party disclosures**

Related party transactions for I&G undertaken in the three financial years ended 30 September 2011, 2012 and 2013 are set out in the respective audited report and accounts for these year ends, which, together with the unaudited half-yearly report for the six month period ended 31 March 2014, are incorporated by reference: in Note 3 on pages 57 and 58 for the year ended 30 September 2011, on page 25 for the year ended 30 September 2012, in Note 3 on page 47 for the year ended 30 September 2013 and on page 2 of the unaudited half-yearly report to 31 March 2014. Apart from the payment of the I&G Directors' remuneration on the basis set out in paragraph 3.4 above, investment management, administration and performance incentive fees as set out in paragraphs 5.1 and 5.2 above, and the promotion fees set out in paragraph 5.5 above there have been no other related party payments in the year ended 30 September 2013 or in the current year to the date of this document. Save for the entering into the deed of termination and new performance incentive agreement dated 30 September 2014 and the offer agreement as set out in paragraph 5.7 above, I&G has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 31 March 2014.

## **8 Overseas investors**

The issue of Offer Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such investors should inform themselves about and observe any legal requirements, in particular:

- 8.1 none of the Offer Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute

and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;

- 8.2 the Companies are not registered under the United States Investment Company Act of 1940, as amended and investors are not entitled to the benefits of that Act; and
- 8.3 no offer is being made, directly, under the I&G Offer, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of Offer Shares, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## **9 Taxation**

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the I&G Directors as to the position of shareholders who hold I&G Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by I&G when it pays a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - I&G has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the I&G Shares. I&G has been advised that the transfer of I&G Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 9.3 Close company - the I&G Directors believe that I&G is not, and expect that following completion of the I&G Offer will not be, a close company within the meaning of the Tax Act. If I&G were a close company in any accounting period, approval as a Venture Capital Trust would be withdrawn.

## **10 Miscellaneous**

- 10.1 There has been no significant change in the financial or trading position of I&G since 31 March 2014, the date to which the last unaudited half-yearly financial statements for I&G have been published.
- 10.2 Mobeus is the promoter of the I&G Offer and, save as disclosed in paragraph 5 above, no amount of cash, securities or benefits has been paid, issued or given to the promoter and none is intended to be paid, issued or given.
- 10.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which I&G is aware) during the period from the incorporation of I&G which may have or had in the recent past significant effects on I&G's financial position or profitability.
- 10.4 There are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect I&G's operations.
- 10.5 The issue costs payable by I&G under the I&G Offer (including irrecoverable VAT) will be an amount equal to 3.25% of the Investment Amount in respect of each application

accepted under the I&G Offer plus annual trail commission and any amounts due from I&G to the investor in connection with the facilitation of initial financial adviser charges. Assuming that the I&G Offer is fully subscribed and ignoring annual trail commission, the maximum expenses and the minimum net proceeds will be £325,000 and 9,675,000 respectively. The issue premium on a I&G Share issued pursuant to the I&G Offer will be the difference between the issue price of that share and the nominal value thereof of 1p.

- 10.6 I&G's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described in paragraph 6 above.
- 10.7 I&G does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the I&G Directors, I&G is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of I&G.
- 10.8 I&G and its shareholders are subject to the provisions of the City Code on Takeovers and Mergers and CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.9 The typical investor for whom investment in I&G is designed is a retail investor who is a UK taxpayer, aged 18 or over and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risk factors set out at the beginning of this document and be willing to retain the investment for at least five years.
- 10.10 BDO LLP act as auditors to I&G. BDO LLP is registered to carry on audit work and is authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.
- 10.11 Howard Kennedy has given and not withdrawn its written consent to the issue of the Prospectus and the inclusion of its name and the references to it in the Prospectus in the form and context in which they appear.

## **(B) ANALYSIS OF THE INVESTMENT PORTFOLIO**

All of I&G investments as at today's date, which are analysed below, are in the UK and are valued in sterling.

| <b>Sector</b>                       | <b>% by cost</b> | <b>% by value</b> |
|-------------------------------------|------------------|-------------------|
| Media                               | 3.9              | 4.1               |
| Software & Computer services        | 5.9              | 4.2               |
| Construction and Building Materials | 2.4              | 0.1               |
| Support Services                    | 35.4             | 45.6              |
| Technology, Hardware & Equipment    | 6.4              | 0.0               |
| General retailers                   | 17.8             | 18.1              |
| Acquisition Vehicle                 | 6.8              | 7.1               |
| Personal Goods                      | 5.1              | 3.9               |
| Fixed Line Telecommunications       | 5.1              | 5.3               |
| Industrial Engineering              | 2.5              | 2.4               |
| Healthcare Equipment and Services   | 5.1              | 5.4               |
| General Industrials                 | 3.6              | 3.8               |

| <b>Type</b>              | <b>% by cost</b> | <b>% by value</b> |
|--------------------------|------------------|-------------------|
| Unlisted ordinary shares | 17.9             | 12.5              |

|   |      |      |
|---|------|------|
| Unlisted loan stock and preference shares | 37.2 | 40.0 |
| Listed ordinary shares                    | 1.9  | 3.4  |
| Cash/liquidity                            | 43.0 | 44.1 |

Save for investment in Tharstern Group Limited of £1,543,000, realisations of DiGiCo Global Limited, Focus Pharma Holdings Limited, Youngman Group Limited and Ingleby (1879) Limited (trading as EMaC) for net cash of £1.14 million, £1.02 million, £1.62 million and £4.37 million respectively, loan repayments by Virgin Wines Holdings Limited of £98,000, Westway Services (2014) Limited of £100,000, Tessella Holdings Limited of £25,000, Fullfield Limited of £57,000, share repayment by Tharstern Group Limited of £12,000, an additional loan to Gro Group Holdings Limited of £58,000, an investment of £1.57 million in Leap New Co Limited (trading as Ward Thomas Removals), an investment of £0.69 million in Aussie Man & Van Limited and a further investment of £0.95 million in ASL Technology Holdings Limited, there has been no material change to the valuations used to prepare the above analysis (30 June 2014 being the date on which those unaudited valuations were undertaken).

### (C) FINANCIAL INFORMATION

I&G has produced annual statutory accounts for the three financial years ended 30 September 2011, 2012 and 2013 and the half-yearly reports for the six month periods ended 31 March 2013 and 2014. The auditors, PKF (UK) LLP (as now acquired by BDO LLP of 55 Baker Street, London W1U 7EU) in respect of the financial years ended 30 September 2011 and 2012 and BDO LLP in respect of the financial year ended 31 December 2013 have reported on the annual statutory accounts without qualification and without statements under sections 495 to 497 of CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports contain a description of I&G's financial condition, changes in financial condition and results of operation for each relevant financial year and, together with the half-yearly reports for the six month periods ended 31 March 2013 and 2014, are being incorporated by reference and can be accessed at the following website:

[www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk)

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. The two tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

| Description  | 2011 Annual Report | 2012 Annual Report | 2013 Annual Report | 2013 Half-Yearly Report | 2014 Half-Yearly Report |
|--|--------------------|--------------------|--------------------|-------------------------|-------------------------|
| Balance Sheet  | Page 52            | Page 37            | Page 41            | Page 14                 | Page 13                 |
| Income Statement (or equivalent)                             | Page 51            | Page 36            | Page 40            | Pages 12 to 13          | Pages 11 to 12          |
| Statement showing all changes in equity (or equivalent note) | Page 53            | Page 38            | Page 42            | Page 15                 | Page 14                 |
| Cash Flow Statement  | Page 54            | Page 39            | Page 43            | Page 16                 | Page 15                 |
| Accounting Policies and Notes                                | Pages 55 to 75     | Pages 40 to 61     | Pages 44 to 64     | Pages 17 to 22          | Pages 16 to 21          |
| Auditor's Report   | Pages 49 to 50     | Page 35            | Pages 37 to 39     | N/A                     | N/A                     |

Such information also includes operating/financial reviews as follows:

| <b>Description</b>   | <b>2011 Annual Report</b> | <b>2012 Annual Report</b> | <b>2013 Annual Report</b> | <b>2013 Half-Yearly Report</b> | <b>2014 Half-Yearly Report</b> |
|----------------------|---------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|
| Objective            | Contents page             | Inside front cover        | Contents page             | Inside front cover             | Contents page                  |
| Performance Summary  | Pages 1 to 4              | Pages 1 to 2              | Pages 1 to 2              | Page 1                         | Page 1                         |
| Results & Dividend   | Page 30                   | Page 23                   | Page 23                   | Pages 2 to 3                   | Pages 2 to 3                   |
| Investment Policy    | Pages 11 to 12            | Page 7                    | Page 18                   | Page 6                         | Page 4                         |
| Chairman's Statement | Pages 5 to 10             | Pages 3 to 6              | Pages 3 to 4              | Pages 2 to 4                   | Pages 2 to 3                   |
| Manager's Review     | Pages 13 to 21            | Pages 8 to 11             | Pages 5 to 10             | Pages 10 to 11                 | Pages 5 to 6                   |
| Portfolio Summary    | Pages 22 to 24            | Pages 15 to 20            | Pages 11 to 16            | Pages 7 to 9                   | Pages 7 to 9                   |
| Valuation Policy     | Pages 55 to 56            | Page 40                   | Pages 44 to 45            | Page 17                        | Pages 16 to 17                 |

This information has been prepared in a form consistent with that which will be adopted in I&G's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Certain financial information of I&G is also set out below:

|  | <b>Year ended 30 September 2011 (audited)</b> | <b>Year ended 30 September 2012 (audited)</b> | <b>Year ended 30 September 2013 (audited)</b> | <b>Six month period ended 31 March 2013 (unaudited)</b> | <b>Six month period ended 31 March 2014 (unaudited)</b> |
|--|---|---|---|---|---|
| Investment income                                  | £1,651,015                                    | £1,999,436                                    | £3,021,669                                    | 1,521,815   | £1,543,619  |
| Profit/loss on ordinary activities before taxation | £10,203,037                                   | £5,784,484                                    | £8,209,391                                    | 4,645,161   | £4,083,113  |
| Earnings per I&G share                             | 26.0p   | 13.2p   | 16.4p   | 9.92p   | 7.6p  |
| Dividends per share                                | 4.0p  | 24.0p   | 12.0p   | 6.0p  | 4.0p  |
| Total assets                                       | £49,365,516                                   | £54,318,145                                   | £61,299,241                                   | £57,649,389   | £68,989,885   |
| NAV per I&G share                                  | 120.8p  | 109.6p  | 113.9p  | 113.0p  | 117.0p  |

As at 31 March 2014, the date to which the most recent unaudited half-yearly financial statements on I&G were published, I&G had unaudited net assets of £67.8 million. As at 30 June 2014, I&G had unaudited net assets of £71.9 million.

## PART V - LARGEST INVESTMENTS OF THE COMPANIES

### Venture capital investments

The venture capital investments set out below represent the Companies' ten largest investments (excluding liquidity funds and cash deposits) as at the date of this document. These comprise approximately 33.5% of the aggregate investment portfolios of the Companies, as at the date of this document and represent all investments other than bank balances and liquidity funds (disclosed below under 'Other Investments'), which are shown further below, which represent 5% or more of the gross assets of one of the Companies as at the date of this document.

All of the companies referred to below are profitable based on EBITA, as at the date of their last published accounts. The Boards and Mobeus believe that EBITA is a more meaningful measure of an investee company's underlying profitability to investors than profit after taxation. This is because earnings are calculated before deducting loan stock interest (which is part of the return to Mobeus VCTs earned by the investment structure) and other interest.

| <b>ASL Technology Holdings Limited</b>                |                                       |              |              |                |   |  |
|---|---------------------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in December 2010              |                                       |              |              |                |   |  |
|   | <b>MIG</b>                            | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>30 September 2013<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b> | 2.9                                   | 2.1          | 1.9          | 2.7            | <b>Sales</b>                                | 14.5   |
| <b>Valuation</b><br><b>(£ million)</b>                | 3.1                                   | 2.2          | 2.0          | 2.8            | <b>EBITA</b>                                | 1.3  |
| <b>Valuation methodology</b>                          | Earnings multiple (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | (1.4)  |
| <b>Equity/voting rights</b>                           | 14.4%                                 | 10.2%        | 9.5%         | 13.4%          | <b>Retained profit/(loss) for the year</b>  | (1.4)  |
| <b>Percentage of investment portfolio by value</b>    | 5.3%                                  | 7.0%         | 4.2%         | 4.2%           | <b>Net assets/(liabilities) at 30/09/13</b> | (1.2)  |
| <i>Activity: Printer and photocopier services.</i>    |                                       |              |              |                |   |  |
| <i>Location: Cambridge.</i>                           |                                       |              |              |                |   |  |

| <b>Virgin Wines Holding Company Limited</b>  |                          |              |              |                |   |   |
|--|--------------------------|--------------|--------------|----------------|---|---|
| Original MBO investment in November 2013   |                          |              |              |                |   |   |
|  | <b>MIG</b>               | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Period ended</b>                         | <b>28 June 2013<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>  | 2.4                      | 1.3          | 1.9          | 2.7            | <b>Sales</b>                                | 34.5  |
| <b>Valuation</b><br><b>(£million)</b>  | 2.4                      | 1.3          | 1.9          | 2.7            | <b>EBITA</b>                                | 2.0   |
| <b>Valuation methodology</b>   | Cost (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 1.7   |
| <b>Equity/voting rights</b>  | 12.2%                    | 6.4%         | 9.7%         | 13.7%          | <b>Retained profit/(loss) for the year</b>  | (2.3)   |
| <b>Percentage of investment portfolio by value</b>   | 4.1%                     | 4.1%         | 4.0%         | 4.1%           | <b>Net assets/(liabilities) at 28/06/13</b> | 5.0   |
| <i>* These figures are for Virgin Wine Online Limited, the principal operating subsidiary. No accounts have been produced by Virgin Wines Holding Company Limited.</i> |                          |              |              |                |   |   |
| <i>Activity: Importing and distribution of wines.</i>  |                          |              |              |                |   |   |
| <i>Location: Norwich, Norfolk.</i>   |                          |              |              |                |   |   |

| <b>Fullfield Limited (trading as Motorclean)</b>   |                                       |              |              |                |   |  |
|--|---------------------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in July 2011   |                                       |              |              |                |   |  |
|  | <b>MIG</b>                            | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>31 March 2014<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>  | 2.2                                   | 1.4          | 1.5          | 2.1            | <b>Sales</b>                                | 38.2   |
| <b>Valuation</b><br><b>(£ million)</b>   | 2.3                                   | 1.4          | 1.6          | 2.3            | <b>EBITA</b>                                | 2.6  |
| <b>Valuation methodology</b>   | Earnings multiple (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 0.1  |
| <b>Equity/voting rights</b>  | 14.1%                                 | 8.9%         | 9.8%         | 13.2%          | <b>Retained profit/(loss) for the year</b>  | NIL  |
| <b>Percentage of investment portfolio by value</b>   | 3.8%                                  | 4.5%         | 3.2%         | 3.3%           | <b>Net assets/(liabilities) at 31/03/14</b> | 2.6  |
| *These figures are for Motorclean Limited (acquired by Fullfield Limited in July 2011).<br>Activity: Vehicle cleaning and valet services.<br>Location: Laindon, Essex. |                                       |              |              |                |   |  |

| <b>Turner Topco Limited (trading as ATG Media)</b>  |                          |              |              |                |   |  |
|---|--------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in October 2008   |                          |              |              |                |   |  |
|   | <b>MIG</b>               | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>30 September 2013<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>   | 2.5                      | 1.3          | 1.5          | 1.5            | <b>Sales</b>                                | 13.8   |
| <b>Valuation</b><br><b>(£ million)</b>  | 2.6                      | 1.3          | 1.6          | 1.6            | <b>EBITA</b>                                | 3.2  |
| <b>Valuation methodology</b>  | Cost (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 2.4  |
| <b>Equity/voting rights</b>   | 6.2%                     | 3.3%         | 3.8%         | 3.8%           | <b>Retained profit/(loss) for the year</b>  | 2.0  |
| <b>Percentage of investment portfolio by value</b>  | 4.3%                     | 4.3%         | 3.2%         | 2.3%           | <b>Net assets/(liabilities) at 30/09/13</b> | 5.8  |
| * These figures are for ATG Media Holdings Limited, which was acquired by Turner Topco Limited in June 2014. The Companies have received equity and loan stock investments in Turner Topco Limited as part consideration for the sale of their investment in ATG Media Holdings Limited. No accounts have been produced by Turner Topco Limited.<br>Activity: Publisher and on-line-auction platform operator.<br>Location: London. |                          |              |              |                |   |  |

1 For MIG, the current cost is the original investment cost made by both MIG and MIG 3 (the latter up until its merger with MIG on 19 May 2010), less capital repayments to the date of this document.

2 The information on investee companies' sales, profits and losses and net assets shown in the tables above has been sourced from the latest financial year end accounts published (unless stated otherwise) by those investee companies ("Third Party Information"). The Third Party Information has been accurately reproduced and, as far as the Companies are aware and are able to ascertain from information published by the investee companies, no facts have been omitted which would render the reproduced information inaccurate or misleading.



| <b>Tessella Holdings Limited</b>                                  |                                       |              |              |                |   |  |
|---|---------------------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in July 2012                              |                                       |              |              |                |   |  |
|   | <b>MIG</b>                            | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>31 March 2014<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>             | 1.5                                   | 0.8          | 1.1          | 1.5            | <b>Sales</b>                                | 23.1   |
| <b>Valuation</b><br><b>(£ million)</b>                            | 2.0                                   | 1.1          | 1.5          | 2.2            | <b>EBITA</b>                                | 3.7  |
| <b>Valuation methodology</b>                                      | Earnings multiple (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 1.1  |
| <b>Equity/voting rights</b>                                       | 7.2%                                  | 3.9%         | 5.4%         | 7.5%           | <b>Retained profit/(loss) for the year</b>  | 0.6  |
| <b>Percentage of investment portfolio by value</b>                | 3.5%                                  | 3.5%         | 3.2%         | 3.3%           | <b>Net assets/(liabilities) at 31/03/14</b> | 4.2  |
| <i>Activity: Specialist scientific and technical consultancy.</i> |                                       |              |              |                |   |  |
| <i>Location: Abingdon, Oxfordshire.</i>                           |                                       |              |              |                |   |  |

| <b>Gro Group Holdings Limited</b>  |                                       |              |              |                |   |   |
|--|---------------------------------------|--------------|--------------|----------------|---|---|
| Original MBO investment in March 2013  |                                       |              |              |                |   |   |
|  | <b>MIG</b>                            | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>30 June 2013<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>  | 2.0                                   | 1.1          | 1.6          | 2.4            | <b>Sales</b>                                | 11.4  |
| <b>Valuation</b><br><b>(£ million)</b>   | 1.9                                   | 1.1          | 1.5          | 2.2            | <b>EBITA</b>                                | 0.8   |
| <b>Valuation methodology</b>   | Earnings multiple (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 0.4   |
| <b>Equity/voting rights</b>  | 10.5%                                 | 6.0%         | 8.4%         | 12.8%          | <b>Retained profit/(loss) for the year</b>  | 0.3   |
| <b>Percentage of investment portfolio by value</b>   | 3.3%                                  | 3.4%         | 3.1%         | 3.2%           | <b>Net assets/(liabilities) at 30/06/13</b> | 1.2   |
| <i>*These figures are for Gro Group International Limited, the principal operating subsidiary. NO accounts have been produced by Gro Group Holdings Limited.</i> |                                       |              |              |                |   |   |
| <i>Activity: Baby sleep products.</i>  |                                       |              |              |                |   |   |
| <i>Location: Ashburton, Devon.</i>   |                                       |              |              |                |   |   |

| <b>Veritek Global Holdings Limited</b>   |                                       |              |              |                |   |  |
|--|---------------------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in July 2013   |                                       |              |              |                |   |  |
|  | <b>MIG</b>                            | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>31 March 2014<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>  | 2.0                                   | 1.0          | 1.6          | 2.3            | <b>Sales</b>                                | 14.4   |
| <b>Valuation</b><br><b>(£ million)</b>   | 1.8                                   | 0.9          | 1.4          | 2.1            | <b>EBITA</b>                                | 0.2  |
| <b>Valuation methodology</b>   | Earnings multiple (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | (0.8)  |
| <b>Equity/voting rights</b>  | 13.0%                                 | 6.2%         | 10.3%        | 14.6%          | <b>Retained profit/(loss) for the year</b>  | (0.8)  |
| <b>Percentage of investment portfolio by value</b>   | 3.1%                                  | 2.7%         | 3.0%         | 3.1%           | <b>Net assets/(liabilities) at 31/03/14</b> | (0.8)  |
| <i>Activity: Provider of installation, maintenance and support services for printing equipment</i> |                                       |              |              |                |   |  |
| <i>Location: Eastbourne, East Sussex.</i>  |                                       |              |              |                |   |  |
| <i>* These figures are for Veritek Global Limited, the operating subsidiary.</i>                   |                                       |              |              |                |   |  |

1 For MIG, the current cost is the original investment cost made by both MIG and MIG 3 (the latter up until its merger with MIG on 19 May 2010), less capital repayments to the date of this document.

2 The information on investee companies' sales, profits and losses and net assets shown in the tables above has been sourced from the latest financial year end accounts published (unless stated otherwise) by those investee companies ("Third Party Information"). The Third Party Information has been accurately reproduced and, as far as the Companies are aware and are able to ascertain from information published by the investee companies, no facts have been omitted which would render the reproduced information inaccurate or misleading.

| <b>Entanet Holdings Limited</b>  |                          |              |              |                |   |  |
|--|--------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in February 2014   |                          |              |              |                |   |  |
|  | <b>MIG</b>               | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Period ended</b>                         | <b>31 December 2013<sup>2*</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>  | 1.7                      | 0.9          | 1.4          | 2.0            | <b>Sales</b>                                | 29.4   |
| <b>Valuation</b><br><b>(£ million)</b>   | 1.7                      | 0.9          | 1.4          | 2.0            | <b>EBITA</b>                                | 2.8  |
| <b>Valuation methodology</b>   | Cost (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 2.9  |
| <b>Equity/voting rights</b>  | 12.0%                    | 6.4%         | 9.6%         | 14.0%          | <b>Retained profit/(loss) for the year</b>  | 2.1  |
| <b>Percentage of investment portfolio by value</b>   | 2.9%                     | 2.9%         | 2.8%         | 3.0%           | <b>Net assets/(liabilities) at 31/12/13</b> | 2.3  |
| <i>* These figures are for Entanet International Limited, the principal operating subsidiary. No accounts have as yet been produced by Entanet Holdings Limited.</i> |                          |              |              |                |   |  |
| <i>Activity: Wholesale communications provider.</i>  |                          |              |              |                |   |  |
| <i>Location: Telford, Shropshire.</i>  |                          |              |              |                |   |  |

| <b>Blaze Signs Holdings Limited</b>                   |                                       |              |              |                |   |  |
|---|---------------------------------------|--------------|--------------|----------------|---|--|
| Original MBO investment in April 2006                 |                                       |              |              |                |   |  |
|   | <b>MIG</b>                            | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>31 March 2014<sup>2</sup></b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b> | 0.6                                   | 0.4          | 0.2          | 0.4            | <b>Sales</b>                                | 31.3   |
| <b>Valuation</b><br><b>(£ million)</b>                | 1.9                                   | 1.3          | 0.5          | 1.7            | <b>EBITA</b>                                | 5.1  |
| <b>Valuation methodology</b>                          | Earnings multiple (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 3.5  |
| <b>Equity/voting rights</b>                           | 20.8%                                 | 13.5%        | 5.7%         | 12.5%          | <b>Retained profit/(loss) for the year</b>  | 3.3  |
| <b>Percentage of investment portfolio by value</b>    | 3.3%                                  | 4.0%         | 1.1%         | 2.5%           | <b>Net assets/(liabilities) at 31/03/14</b> | 5.6  |
| <i>Activity: Manufacturer and installer of signs.</i> |                                       |              |              |                |   |  |
| <i>Location: Broadstairs.</i>                         |                                       |              |              |                |   |  |

| <b>Leap New Co Limited</b>  |                          |              |              |                |   |  |
|---|--------------------------|--------------|--------------|----------------|---|--|
| <b>(trading as Ward Thomas Removals)</b>                              |                          |              |              |                |   |  |
| Original corporate restructuring investment in December 2014          |                          |              |              |                |   |  |
|   | <b>MIG</b>               | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> | <b>Year ended</b>                           | <b>30 September 2014</b><br><b>(£ million)</b> |
| <b>Current cost<sup>1</sup></b><br><b>(£ million)</b>                 | 1.4                      | 0.8          | 1.2          | 1.6            | <b>Sales</b>                                | 12.2   |
| <b>Valuation</b><br><b>(£ million)</b>                                | 1.4                      | 0.8          | 1.2          | 1.6            | <b>EBITA</b>                                | 2.0  |
| <b>Valuation methodology</b>  | Cost (for all Companies) |              |              |                | <b>Profit/(loss) before tax</b>             | 1.7  |
| <b>Equity/voting rights</b>   | 5.2%                     | 3.1%         | 4.4%         | 5.8%           | <b>Retained profit/(loss) for the year</b>  | 1.3  |
| <b>Percentage of investment portfolio by value</b>                    | 2.4%                     | 2.7%         | 2.4%         | 2.3%           | <b>Net assets/(liabilities) at 30/09/13</b> | 7.6  |
| <i>Activity: Specialist logistics, storage and removals business.</i> |                          |              |              |                |   |  |
| <i>Location: London.</i>  |                          |              |              |                |   |  |

<sup>1</sup> For MIG, the current cost is the original investment cost made by both MIG and MIG 3 (the latter up until its merger with MIG on 19 May 2010), less capital repayments to the date of this document.

<sup>2</sup> The information on investee companies' sales, profits and losses and net assets shown in the tables above has been sourced from the latest financial year end accounts published (unless stated otherwise) by those investee companies ("Third Party Information"). The Third Party Information has been accurately reproduced and, as far as the Companies are aware and are able to ascertain from information published by the investee companies, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### Other investments

The following liquidity fund and bank balances also represent more than 5% of the gross assets of at least one of the Companies. In all cases, the amount invested is the same as their valuation, on a fair value basis. No equity or voting rights apply to such investments.

| <b>NatWest Bank plc (monies in interest-bearing account)</b> |            |              |              |                |
|--|------------|--------------|--------------|----------------|
|  | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b>          | 5.9        | 2.0          | 8.2          | 9.9            |
| <b>Percentage of investment portfolio</b>                    | 10.0%      | 6.3%         | 16.8%        | 14.7%          |

| <b>Barclays Bank plc (monies in interest-bearing account)</b> |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b>           | 3.5        | 7.1          | -            | -              |
| <b>Percentage of investment portfolio</b>                     | 5.9%       | 22.6%        | -            | -              |

| <b>SWIP Global Liquidity Fund plc (liquidity fund)</b><br>(managed by Scottish Widows Investment Partnership Limited) |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b>   | 0.2        | 1.7          | 2.8          | 3.5            |
| <b>Percentage of investment portfolio</b>   | 0.3%       | 5.4%         | 5.6%         | 5.1%           |

| <b>Close Brothers Limited (notice accounts)</b>     |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b> | -          | -            | 2.5          | 3.1            |
| <b>Percentage of investment portfolio</b>           | -          | -            | 5.2%         | 4.6%           |

| <b>HSBC Bank plc (money market call account)</b>    |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b> | 3.5        | -            | 2.5          | -              |
| <b>Percentage of investment portfolio</b>           | 5.9%       | -            | 5.1%         | -              |

| <b>Lloyds Bank plc (money market call account)</b>  |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b> | 3.5        | -            | -            | -              |
| <b>Percentage of investment portfolio</b>           | 5.9%       | -            | -            | -              |

| <b>Santander UK plc (deposit accounts)</b>          |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b> | 3.5        | -            | 2.0          | 3.0            |
| <b>Percentage of investment portfolio</b>           | 6.0        | -            | 4.2          | 4.5            |

| <b>Nationwide Building Society (deposit accounts)</b> |            |              |              |                |
|---|------------|--------------|--------------|----------------|
|   | <b>MIG</b> | <b>MIG 2</b> | <b>MIG 4</b> | <b>I&amp;G</b> |
| <b>Amount invested and at valuation (£ million)</b>   | 3.5        | -            | 2.3          | -              |
| <b>Percentage of investment portfolio</b>             | 6.0        | -            | 4.6          | -              |

Notes:

The above venture capital investments, liquidity fund and bank balances have an aggregate value of greater than 50% of the gross assets of each Company as at the date of the document.

Investment and portfolio information in this Part V has been extracted from the Companies' accounting records (taken from the unaudited management accounts to 30 September 2014 in respect of MIG, MIG 2 and MIG 4 and the unaudited management accounts to 30 June 2014 in respect of I&G), save for the following adjustments:

- (i) The following movements have occurred since 1 October 2014 across all four VCTs:
  - a) The realisation of the investment in Ingleby (1879) Limited (trading as EMaC) for cash proceeds of £14.0 million\* in December;
  - b) The realisation of the investment in Focus Pharma Holdings for cash proceeds of £6.3 million\*;
  - c) The realisation of the investment in Youngman Group Holdings for cash proceeds of £5.7 million\*;
  - d) An investment of £5.0 million in Leap New Co Limited (trading as Ward Thomas Removals) in December;
  - e) A further investment of £3.4 million in ASL Technology Holdings Limited in December;
  - f) An investment of £2.2 million in Aussie Man & Van Limited in December;
  - g) A loan repayment from Fullfield Limited (trading as Motorclean) of £0.2 million;
  - h) A further loan to Gro-Group Holdings Limited of £0.17 million; and
  - i) A sale of shares in Tharstern Group Limited for £0.04 million.

\*The net cash proceeds received from the sale of EMaC reflect an increase over the valuations within the reported NAV figures at 30 September 2014 of £1.0m for MIG VCT, £0.6m for MIG 2 VCT and £0.7m for MIG 4 VCT, and of £1.6m for I&G VCT at 30 June 2014. These figures exclude deferred consideration on this sale of up to £0.5m, £0.2m, £0.4m and £0.6m respectively across the four VCTs, due later this month. The net cash proceeds received from Focus Pharma Holdings Limited were reflected in the valuation of the investment at 30 September 2014 for MIG VCT, MIG 2 VCT and MIG 4 VCT, but reflected an increase of £0.2m over the valuation for I&G at 30 June 2014. The net cash proceeds received from Youngman Group reflect an increase over the valuations of Youngman within the reported NAV figures at 30 September 2014 of £0.5m for MIG VCT, £0.5m for MIG 2 VCT and £0.3m for MIG 4 VCT, and of £0.5m for I&G VCT at 30 June 2014.

- (ii) In respect of I&G, an investment in Tharstern Group Limited of £1.5 million, a sale of DiGiCo Global Limited realising cash proceeds of £1.1 million and loan repayments from Virgin Wines Holding Company Limited of £0.1 million, from Westway Group Holdings Limited of £0.1 million and from Tessella Holdings Limited of £0.3 million. These transactions occurred in the three months ended 30 September 2014.

- (iii) Balances in cash and liquidity funds are as at 30 November 2014 for all four Companies, as adjusted for the transactions in December above.

As at the date of this document, there has been no material change in the valuations of investments set out in this Part V since 30 September 2014 in respect of MIG, MIG 2 and MIG 4 and 30 June 2014 in respect of I&G and 30 November in respect of cash and liquidity funds.

## **PART VI - DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during usual business hours on weekdays, Saturdays and public holidays excepted, at the offices of Mobeus, 30 Haymarket, London SW1Y 4EX whilst the Offers are open:

- the Memoranda and Articles of each of the Companies;
- the material contracts referred to in paragraphs 5 of Parts I, II, III and IV of this Registration Document;
- the audited financial statements for MIG for the years ended 31 December 2011, 2012 and 2013;
- the unaudited half-yearly financial statements for MIG for the six month periods ended 30 June 2013 and 2014;
- the audited financial statements for MIG 2 for the years ended 30 April 2011, 2012, 2013 and the 11 month period ended 31 March 2014;
- the unaudited half-yearly financial statement for MIG 2 for the six month periods ended 31 October 2013 and 30 September 2014;
- the audited financial statements for MIG 4 for the years ended 31 January 2011 and 2012, the 11 month period ended 31 December 2012 and the year ended 31 December 2013;
- the unaudited half-yearly financial statements for MIG 4 for the six month periods ended 30 June 2013 and 2014;
- the audited statements for I&G for the years ended 30 September 2011, 2012 and 2013;
- the unaudited half-yearly financial statements for I&G for the six month periods ended 31 March 2013 and 2014;
- this Registration Document;
- the Securities Note; and
- the Summary.