

MOBEUS VCT UPDATE

JULY 2012

MOBEUS INCOME & GROWTH VCT PLC MIG

MOBEUS INCOME & GROWTH 2 VCT PLC MIG 2

MOBEUS INCOME & GROWTH 4 VCT PLC MIG 4

THE INCOME & GROWTH VCT PLC I&G



Welcome to the first Mobeus VCT Update.

We completed our buyout from the Matrix Group on 30 June 2012 to become a fully independent firm owned by its partners and changed our name to Mobeus Equity Partners. This is the only change that will affect shareholders. The team at your Manager has remained unchanged and the VCTs' current investment strategies will continue. Your existing share certificates will remain valid.

We have a new Mobeus website www.mobeusvcts.co.uk, which includes links to dedicated pages for each of the VCTs where shareholders can follow the progress of their investments. The website includes

information on fund performance and dividends as well as details of the top ten investments in each of the portfolios, and copies of each VCT's reports. There is a section on Frequently Asked Questions that will enable you to find the answers to any general queries that you may have about the VCTs.

We have also included links on the website to the registrars used by our VCTs. Both Capita (used by the majority of the VCTs) and Computershare (used by MIG VCT) provide online services for their shareholders:

www.capitashareportal.com

www-uk.computershare.com/Investor

Once you have registered you can use these websites to check your shareholding and dividend payments and amend your address or bank details. You can also manage your options for receiving communications from the VCTs, including submitting proxy votes for general meetings.

I&G and MIG have adopted electronic communications and MIG 2 and MIG 4 shareholders will be receiving information about this with the next copy of their VCT's Annual or Half-Year Report. This will save each company postage and printing costs and provide a more efficient way for shareholders to receive documents from the VCTs.

TEN LARGEST INVESTMENTS

Across the combined asset base of approximately £150 million, the VCTs' ten largest investments account for £54.6 million (36% of the asset base) and are shown in the table below.

Company	Business	Total (£m)	
		Cost	Valuation
ATG Media	Online auction platform operator and publisher	4.0	8.1
Motorclean	Vehicle cleaning and valet services	5.6	6.2
DiGiCo	Design and manufacture of audio mixing desks	6.1	6.1
EMaC	Provider of service plans to motor dealerships	6.0	6.0
Blaze Signs	Signs and sign maintenance	5.0	5.6
British International	Helicopter services	4.1	4.6
ASL	Printing and photocopier services	6.3	4.6
RDL Recruitment	Pharmaceutical and IT recruitment	5.0	4.5
EOTH	Branded outdoor equipment and clothing	4.5	4.5
CB Imports	Import and wholesale of silk flowers and floristry sundries	4.0	4.4
Total for ten largest investments		50.6	54.6

INVESTMENT AND PORTFOLIO NEWS

New investment A new investment of £5.6 million was made in July 2012. This was to support the MBO of Tessella, an international provider of specialist science-powered technology and consulting services. Founded in 1980, the company delivers innovative and cost-effective solutions to complex real world commercial and technical challenges. Assignments have included developing smarter drug trials; preserving the digital heritage of nations across the globe; minimizing risk in oil and gas exploration; controlling the orbit and attitude of satellites; and researching fusion energy.

In addition, a small follow-on investment in PXP Holdings was completed, as well as investments in a number of acquisition companies. These companies are seeking opportunities in a range of sectors.

Realisations Following the successful realisations of App-DNA and DiGiCo at the end of last year, we sold the VCTs' investments in Iglu.com Holidays in May 2012. Iglu is the UK's largest specialist online ski holiday, and a fast growing cruise holiday, travel agent. The VCTs' investments were sold to Growth Capital Partners for cash proceeds of £6.3 million which contributed to total cash proceeds of £10.9 million to the VCTs over the life of the investment, representing a 2.5 times return on the VCTs' original investment of £ 4.3 million.

A total of £12.2 million cash proceeds has been realised so far in 2012 as shown in the table below.

Company	VCT	Month	Amount (£m)	Realisation
Iglu.com Holidays	All	May	6.3	Full sale
Blaze	All	May/July	1.1	Loan repayment
IDOX	I&G	June	1.0	Partial sale
Focus Pharmaceuticals	All	January	1.0	Loan repayment
Camwood	I&G	April	0.9	Full sale
Others	I&G/MIG4		1.9	Sales/repayments
Total			12.2	

MANAGER'S COMMENTARY

Concerns about the health of the UK economy continued to affect business confidence in the period. Fewer deals were completed as buyers and sellers of businesses found it harder to agree terms. Nevertheless, we completed further successful realisations and another new investment and remain confident about future deal prospects.

LINKED VCT OFFER 2012

The Offer closed on 30 June 2012, having raised a total of £15.5 million for MIG, MIG4 and I&G.

Changes to the VCT regulations

There has been some uncertainty in recent months about the effect of changes to VCT legislation introduced in the Finance Act 2012 ("the Act") on our future operations and policies. The three principal changes that affect our VCTs are:

- (1) The amount that an investee company may receive in VCT funding (and other State Aid sources) within any twelve month rolling period has become £5 million.
- (2) The gross assets of an investee company must not exceed £15 million at the time of investment and £16 million after investment.

(3) It is no longer possible for us to carry out certain types of MBO transactions using funds raised after 5 April 2012. However, the VCTs have sufficient funds raised prior to 5 April 2012 to enable them to continue to pursue our current strategy for the foreseeable future. Meanwhile, we are investigating options for other types of MBO transactions.

The first two changes are helpful to our investment strategy, so overall we welcome these changes and do not anticipate that they will have a significant impact on the VCTs' investment policies.

PERFORMANCE OF MOBEUS VCTS BY FUNDRAISING

The table below shows the performance for all shareholders in the four Mobeus VCTs. This is listed for each fundraising year in which shareholders invested (other than the 2012 offer that has just closed). Total shareholder return on a NAV basis for the last six months reported by all four VCTs has shown increases ranging from 2.4% to 9.2%, which reflects encouraging performance in each portfolio.

VCT AND FUNDRAISING Data expressed in pence per share	Fundraising year	Average issue price	Net asset value	Bid share price	Cumulative dividends paid	Total return since fundraising		Annual % return on NAV basis after income tax relief ²	Dividends for last financial year
						(based on NAV)	(based on bid share price)		
		P	P	P	P	P	P	%	P
Mobeus Income & Growth VCT plc									
(net assets: £41.9 million)									
									6.25
Ordinary Shares	2004/05	100.0	90.2	80.5	33.1	123.3	113.6	+11.3	
Formerly Matrix Income & Growth 3 VCT plc ¹ Conversion ratio 1.0655	2005/06	100.0	96.1	80.5	22.1	118.2	107.8	+11.4	
Ordinary Shares (Linked Offer)	2010/11	100.4	90.2	80.5	11.8	102.0	92.3	+32.2	
Mobeus Income & Growth 2 VCT plc									
(net assets: £24.5 million)									
									4.00
Ordinary Shares (former O Ordinary Shares) ¹ Conversion ratio 0.8270	2000/01	100.0	81.6	68.0	33.4	115.0	89.6	+3.6 ³	
Ordinary Shares (former C Ordinary Shares)	2005/06	100.0	98.7	68.0	14.0	112.7	82.0	+10.4	
Ordinary Shares (former C Ordinary Shares)	2008/09	92.4	98.7	68.0	10.0	108.7	78.0	+19.0	
Mobeus Income & Growth 4 VCT plc									
(net assets: £33.8 million)									
									5.00
Ordinary Shares	1998/99	200.0	112.5	99.5	26.7	139.2	126.2	-1.1 ³	
Ordinary Shares	2006/07	120.9	112.5	99.5	16.0	128.5	115.5	+8.9	
Ordinary Shares (Top-up Offer)	2010	112.4	112.5	99.5	11.0	123.5	110.5	+22.7	
Ordinary Shares (Linked Offer)	2010/11	121.6	112.5	99.5	8.0	120.5	107.5	+27.1	
The Income & Growth VCT plc									
(net assets: £45.7 million)									
									24.00⁴
Ordinary Shares (former O Ordinary Shares) ¹ Conversion ratio 0.7578	2000/01	100.0	79.9	94.5	43.7	123.6	115.3	+4.3 ³	
Ordinary Shares (former S Ordinary Shares)	2007/08	100.0	105.4	94.5	28.5	133.9	123.0	+16.8	
Ordinary Shares (Linked Offer)	2010/11	105.6	105.4	94.5	28.0	133.4	122.5	+57.7	

All net asset values and ten largest investment data are based upon the latest announced figures for each VCT, as at 31 July 2012. Where dividends have been paid or declared since the latest announcement of net assets, the data has been adjusted.

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

² The return is calculated on the issue price less initial income tax relief. The tax relief was 20% up to 5 April 2004, 40% from 6 April 2004 to 5 April 2006 and 30% thereafter.

³ Investors in these three fundraisings may have enhanced these returns if they also deferred capital gains tax liabilities.

⁴ Includes an interim dividend of 20p paid following the Company's year-end.

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