

## **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 MATRIX INCOME & GROWTH VCT PLC ("MIG"), MATRIX INCOME & GROWTH 4 VCT PLC ("MIG 4") AND THE INCOME & GROWTH VCT PLC ("I&G") (TOGETHER "THE COMPANIES" AND EACH "A COMPANY") DATED 12 NOVEMBER 2010.

THIS DOCUMENT HAS BEEN PREPARED FOR THE PURPOSES OF COMPLYING WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE 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. 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 PENCE EACH IN THE CAPITAL OF MIG ("MIG SHARES"), ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF MIG 4 ("MIG 4 SHARES") AND ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF I&G ("I&G SHARES"), ("SHARES") WHICH ARE BEING OFFERED FOR SUBSCRIPTION ("OFFER SHARES") ("THE 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 SERVICES AUTHORITY ("FSA") IN ACCORDANCE WITH FSMA.

THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND THE SUMMARY TOGETHER COMPRISE A PROSPECTUS ISSUED BY THE COMPANIES DATED 12 NOVEMBER 2010 ("THE PROSPECTUS"). THE PROSPECTUS HAS BEEN FILED WITH THE FSA IN ACCORDANCE WITH THE PROSPECTUS RULES AND YOU ARE ADVISED TO READ THE PROSPECTUS IN FULL.

The Companies and the Directors (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 (who have taken all reasonable care to ensure that such is the case), 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.

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## **LINKED OFFER FOR SUBSCRIPTION**

**to raise in aggregate up to £21,000,000**

**by way of an issue of Offer Shares**

**Matrix Income & Growth VCT plc**

Registered in England and Wales under number 05153931

**Matrix Income & Growth 4 VCT plc**

Registered in England and Wales under number 03707697

**The Income & Growth VCT plc**

Registered in England and Wales under number 04069483

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In connection with the Offer, Charles Stanley, a division of Charles Stanley & Co Limited, the sponsor to the Offer, is 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 Charles Stanley (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) in providing advice in relation to the Offer. Charles Stanley is authorised and regulated in the United Kingdom by the FSA.

In connection with the Offer, Matrix Private Equity Partners LLP ("Matrix"), the promoter of the Offer, is 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 Matrix, nor for providing advice in relation to the Offer. Matrix is authorised and regulated in the United Kingdom by the FSA.

Application has been made to the UK Listing Authority for the Offer Shares to be admitted to the Official List and to the London Stock Exchange plc for such Offer Shares to be admitted to trading on its 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 (and any supplementary prospectus published by the Companies) are available free of charge from the promoter of the Offer:

Matrix Private Equity Partners LLP	telephone: 020 3206 7000
One Vine Street,	download: <a href="http://www.matrixvcts.co.uk">www.matrixvcts.co.uk</a>
London W1J 0AH	email: <a href="mailto:vctfundraising@matrixgroup.co.uk">vctfundraising@matrixgroup.co.uk</a>

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

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## RISK FACTORS

**Existing and prospective investors should consider carefully the following risk factors in addition to the other information presented in this document and the Prospectus as a whole. If any of the risks described below were to occur, it could have a material effect on the Companies' businesses, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Companies, the Boards or investors in the Shares will face. Additional risks not currently known to the Companies or the Boards, or that the Companies or the Boards currently believe are not material, may also adversely affect the Companies' businesses, financial condition and results of operations. The value of the Shares could decline due to any of these risk factors described below, and investors could lose part or all of their investment. Investors should consult an independent financial adviser authorised under FSMA. The attention of prospective investors is drawn to the following risks.**

The value of Shares, and the income from them, can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying net asset value, nor should investors rely upon any Share buy-back policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV. In addition, there is no guarantee that dividends will be paid by the Companies or that any dividend objective stated will be met.

Although the existing Shares issued by the Companies have been (and it is anticipated that the Offer Shares in the Companies to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and (or will be) traded on the London Stock Exchange market for listed securities, the secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and investors may find it difficult to realise their investment. Investment in the Companies should be seen as a long term investment.

The past performance of the Companies, other funds managed by Matrix, the investment manager to the Companies, and Matrix itself is no indication of future performance. The return received by investors will be dependent on the performance of the underlying investments. The value of such investments, and interest income and dividends therefrom, may rise or fall.

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

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 the businesses 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.

Investment in unquoted companies (including AIM-traded and PLUS market-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 and 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 investment in a company listed on the Official List.

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.

Where more than one of the funds managed or advised by Matrix wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net funds raised and allocated by Matrix for each fund. When one of the funds managed or advised by Matrix 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 per cent. of a particular VCT'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.

VCTs are subject to investment restrictions, a summary of which are set out in Part Ten of the Securities Note, which may have an impact on the investments the Companies can make and the returns achievable.

Although Matrix is currently seeing a strong dealflow of opportunities, there can be no guarantee that suitable investment opportunities will be identified in order to meet a Company's objectives.

Whilst it is the intention of each Board that their 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 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 Company would also lose its exemption from corporation tax on its capital gains.

If a Qualifying Investor disposes of his or her Shares within five years of issue, (three years if such Shares were issued on or between 6 April 2000 and 5 April 2006), he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed.

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

The tax rules, or their interpretation, in relation to an investment in the Companies and/or the rates of any tax may change during the life of the Companies and may apply retrospectively.

Changes in legislation, including those proposed in the Budget Report 2010 and Emergency Budget Report 2010, concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investment opportunities and/or reduce the level of returns which would otherwise have been achievable.

Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts, (which may reduce the spending power and operations of the investee companies and the companies they contract with) 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 final VCT status.

## CORPORATE INFORMATION FOR THE COMPANIES

### Directors (Non-executive)

#### MIG

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

#### MIG 4

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

#### I&G

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

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

Matrix Private Equity Partners LLP  
One Vine Street  
London  
W1J 0AH

### Solicitors

Martineau  
No. 1 Colmore Square  
Birmingham  
B4 6AA

### Sponsor

Charles Stanley Securities  
131 Finsbury Pavement  
London  
EC2A 1NT

### Auditors

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
WC2N 6RH

### Registrars for I&G and MIG 4

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0GA

**Telephone Number:** 0871 664 0300\*

### Registered Office and Head Office

One Vine Street  
London  
W1J 0AH

### Company Registration Numbers

I&G 04069483  
MIG 05153931  
MIG 4 03707697

### Websites

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

**Telephone Number:** 020 3206 7000

### Receiving Agent

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

### Broker

Matrix Corporate Capital LLP  
One Vine Street  
London  
W1J 0AH

### VCT Tax Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### Bankers

National Westminster Bank plc  
Financial Institutions Team – First Floor  
Mayfair Commercial Banking Centre  
Piccadilly  
65 London  
W1A 2PP

### Registrars for MIG

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

**Telephone Number:** 0870 707 1155\*

\*Capita Registrars telephone number is open between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays). If telephoning from outside of the UK dial +44 20 8639 3399. Calls to Capita Registrars' helpline are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Further details on the costs of calls, opening hours and how to contact the Companies' registrars from abroad are also detailed on their websites [www.capitaregistrars.com/shareholders](http://www.capitaregistrars.com/shareholders) and [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

## DEFINITIONS

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

<b>“Admission”</b>	the date on which Offer Shares allotted pursuant to the Offer are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange’s market for listed securities
<b>“AIM”</b>	the Alternative Investment Market
<b>“Articles”</b>	the articles of association of MIG and/or MIG 4 and/or I&G, as the context permits
<b>“Boards”</b>	the board of directors of MIG, MIG 4 and I&G (and each “a Board”)
<b>“Business Days”</b>	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
<b>“CA 1985”</b>	Companies Act 1985 (as amended)
<b>“CA 2006”</b>	Companies Act 2006 (as amended)
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited
<b>“Charles Stanley”</b>	Charles Stanley Securities, a division of Charles Stanley & Co Limited, which is authorised and regulated by the Financial Services Authority, is a UKLA registered sponsor and is a member of the London Stock Exchange
<b>“Closing Date”</b>	the closing date of the Offer which is expected to be 12.00 pm 30 April 2011, but the Boards reserve the right to extend the closing date of the Offer or will close earlier if it is fully subscribed or otherwise at the Boards’ discretion
<b>“Companies”</b>	MIG, MIG 4 and I&G (and each “a Company”)
<b>“Companies Acts”</b>	CA 1985 and CA 2006
<b>“Directors”</b>	the directors of MIG and/or MIG 4 and/or I&G from time to time, as the context permits
<b>“EBITA”</b>	a company’s earnings before the deduction of interest, tax and amortisation
<b>“FSA”</b>	the Financial Services Authority
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“I&amp;G”</b>	The Income & Growth VCT plc
<b>“I&amp;G Shares”</b>	ordinary shares of 1p each in the capital of I&G
<b>“IPEVC Valuation Guidelines”</b>	the International Private Equity and Venture Capital Valuation Guidelines
<b>“Listing Rules”</b>	the Listing Rules of the UK Listing Authority
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Matrix”</b>	Matrix Private Equity Partners LLP, the investment manager, administrator company secretary and promoter to the Companies and which is authorised and regulated by the FSA
<b>“Memorandum”</b>	the memorandum of association of MIG and/or MIG 4 and/or I&G, as the context permits (and together “the Memoranda”)
<b>“MIG”</b>	Matrix Income & Growth VCT plc
<b>“MIG Shares”</b>	ordinary shares of 1p each in the capital of MIG
<b>“MIG 4”</b>	Matrix Income & Growth 4 VCT plc
<b>“MIG 4 Shares”</b>	ordinary shares of 1p each in the capital of MIG 4
<b>“Money Market Funds”</b>	money market funds, government securities or other low risk liquid assets

<b>“NAV” or “net asset value”</b>	the net asset value of a company calculated in accordance with that company’s normal accounting policies
<b>“Offer”</b>	the offer for subscription of Offer Shares as described in the Prospectus
<b>“Offer Price”</b>	the price at which the Offer Shares will be allotted in each Company pursuant to the Offer
<b>“Offer Shares”</b>	MIG Shares, MIG 4 Shares and I&G Shares, being offered for subscription pursuant to the Offer
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“PLUS Markets”</b>	‘PLUS quoted’, a prescribed market for the purposes of section 118 of Financial Services and Markets Act 2000 operated by PLUS Markets Group plc
<b>“Pricing Formula”</b>	the formula to calculate the Offer Price of the Offer Shares as set out in the Securities Note
<b>“Prospectus”</b>	together the Registration Document, the Securities Note and the Summary
<b>“Prospectus Rules”</b>	the prospectus rules of the UK Listing Authority
<b>“Qualifying Company”</b>	an unquoted (including an AIM-listed) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act (together “Qualifying Companies”)
<b>“Receiving Agent”</b>	The City Partnership (UK) Limited
<b>“Registrar”</b>	Capita Registrars or Computershare Investor Services plc, as the context permits
<b>“Registration Document”</b>	this document
<b>“Regulations”</b>	the Uncertificated Securities Regulations 1995
<b>“Securities Note”</b>	the securities note issued by the Companies dated 12 November 2010 in connection with the Offer
<b>“Shareholder”</b>	a holder of Shares in one or more of the Companies (as the context permits)
<b>“Shareholders”</b>	shareholders of one or more of the Companies, as the context permits
<b>“Shares”</b>	MIG Shares and/or MIG 4 Shares and/or I&G Shares (as the context permits)
<b>“Summary”</b>	the summary issued by the Companies dated 12 November 2010 in connection with the Offer
<b>“The Tax Act”</b>	the Income Tax Act 2007 (as amended)
<b>“Total Return”</b>	the aggregate value of an investment or collection of investments comprising net asset value, valued where appropriate in accordance with IPEVC Valuation Guidelines, plus the aggregate amount of all distributions (both revenue and capital) made
<b>“UKLA” or “UK Listing Authority”</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its states, territories and possessions (including the District of Columbia)
<b>“VCT Value”</b>	the value of an investment calculated in accordance with Section 278 of the Tax Act
<b>“Venture Capital Investments”</b>	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 to the Tax Act
<b>“Venture Capital Trust” or “VCT”</b>	a venture capital trust as defined in Section 259 of the Tax Act

## THE DIRECTORS AND MATRIX

As required by the new provisions of the Listing Rules for VCTs, each of the Companies' Boards is independent of Matrix. All Directors are independent of Matrix save for Bridget Guérin and Helen Sinclair as set out below.

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

### (A) THE DIRECTORS

#### INDEPENDENT CHAIRMEN

##### ***Keith Niven (62) – MIG***

Keith has over 30 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, Schroder Unit Trusts Limited, from 1992 to 2001. He retired from Schroders in October 2001. Keith is a non-executive director of three other trusts, Schroder UK Growth Fund plc, Schroder Income Growth Fund plc and Impax Environmental Markets plc. Keith is also an investment adviser to the Rolls-Royce Pension Fund and a director of the Trossachs Community Trust. Until May 2010, he was chairman of Matrix Income & Growth 3 VCT plc.

##### ***Christopher Moore (65) – MIG 4***

Christopher has considerable experience of the venture capital industry. After a law degree and qualifying as an 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 turn-around of a public industrial group. Until May 2010, he was a director of Matrix Income & Growth VCT and Matrix Income & Growth 3 VCT. Until September 2010 he was a director of The Income & Growth VCT.

##### ***Colin Hook (68) – I&G***

Colin has wide financial and commercial experience. He has worked in the City for more than 30 years. During this time, he directed fund management operations for more than ten years. His City involvement includes, mergers and acquisitions, and flotations. From 1994 to 1997 he was chief executive of Ivory and Sime plc. He is currently Chairman of Pole Star Space Applications Limited, a leading provider of real-time tracking information for maritime applications via a global web-based satellite enabled solution. Until September 2010, he was Chairman and a director of Matrix Income & Growth 4 VCT.

#### INDEPENDENT DIRECTORS

##### ***Tom Sooke (65) – MIG***

Tom is an experienced venture capitalist and is a director of Braxxon Consulting 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, up 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 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 also one of the co-founding members of the British Venture Capital Association. Until May 2010, he was a director of Matrix Income & Growth 3 VCT plc.

**Andrew Robson (51) – MIG 4**

Andrew qualified as a Chartered Accountant in 1984. From 1984 to 1997, he worked in Corporate Finance at Robert Fleming & Co Limited, becoming a director. Following a four year term in charge of the finances of the National Gallery, he joined Société Générale as a director in the London M&A department. He subsequently became finance director of the eFinancial group, a group specialising in financial publishing and online recruitment. He now works as a business adviser to small companies.

Andrew has over 12 years of experience as a non-executive director, including with investment companies. He is currently a non-executive director of British Empire Securities and General Trust PLC (from August 2008), Shires Income PLC (from May 2008), M&G Equity Investment Trust PLC (from 2007) and JP Morgan Smaller Companies Investment Trust PLC (from 2007). Andrew was a non-executive director of Edinburgh UK Smaller Companies Tracker Trust PLC from 1998 to 2006 and a non-executive director of Gate Gourmet Group Holdings LLC from 2006 to 2007.

**Jonathan Cartwright (57) – I&G**

Jonathan qualified as a 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 Group Financial Controller at Hanson plc 1984 to 1989. He was a non-executive Director of Bristow Group Inc. from 1996 to 2009 and has been a non-executive director of Serica Energy plc from 2008 to date. Jonathan has served on the Self-Managed Investment Trust Committee of the Association of Investment Companies (to December 2009).

**NON-INDEPENDENT DIRECTORS****Bridget Guérin (48) – MIG**

Bridget is a former director of and current shareholder in Matrix Group Limited which owns 100 per cent. of the equity in Matrix Private Equity Partners Limited which, in turn, holds a 50 per cent. interest in Matrix. Bridget is also managing director of Matrix Money Management Limited, a wholly owned subsidiary of Matrix Group Limited which is a specialist financial services company. Prior to joining Matrix, Bridget accumulated 16 years' of retail investment fund experience at Schroder Unit Trusts Limited, Ivory & Sime and County NatWest. Bridget is also a director of the Matrix Alternative Investment Strategies Fund Limited, an open ended fund of hedge funds, Matrix Structured Products Limited, a closed ended fund based in Bermuda and Matrix UCITS Fund plc, a fund which has a number of UCITS sub funds. Until May 2010, she was a director of Matrix Income & Growth 3 VCT plc.

**Helen Sinclair (44) – I&G and MIG 4**

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 raised two funds, Matrix Income & Growth 2 VCT plc and Matrix Enterprise Fund. After leaving Matrix in 2005 she was a non-executive director of Hotbed Fund Managers Limited from 2006 to 2008. She is chairman of British Smaller Companies VCT plc, a non-executive director of Framlington AIM VCT plc and Spark Ventures plc. Helen is a Director of both I&G and MIG 4 and, as both are managed by Matrix, is not deemed to be an independent director pursuant to the Listing Rules.

## 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>	Impax Environmental Markets plc Matrix Income & Growth VCT plc Matrix Income & Growth 3 VCT plc (in liquidation) Schroder Income Growth Fund plc Schroder UK Growth Fund plc Trossachs Community Trust	Advance UK Trust PLC CAF Bank Limited CAF Nominees Limited Cornerstone VCT Limited Healthstar group plc Pennthorpe School Trust Limited Procura MMCB Limited
<b>Christopher Moore</b>	Bletchley Park Trust Limited British Eye Research Foundation Eye Research UK Fight for Sight Trading Limited Matrix Income & Growth 3 VCT plc (in liquidation) Matrix Income & Growth 4 VCT plc	Cornerstone VCT Limited Helveta Limited Matrix Income & Growth VCT plc Oxonica plc The Income & Growth VCT plc
<b>Colin Hook</b>	The Income & Growth VCT plc Pole Star Space Applications Limited The 9 <sup>th</sup> /12 <sup>th</sup> Royal Lancers (Prince of Wales's) Regimental Museum	Matrix Income & Growth 4 VCT plc
<b>Tom Sooke</b>	Braxxon Consulting Limited Matrix Income & Growth VCT plc Matrix Income & Growth 3 VCT plc (in liquidation)	Advance Media Information Limited Braxxon Technology Limited Citicourt & Co Limited Spark VCT plc CitiCourt Associates Limited
<b>Helen Sinclair</b>	British Smaller Companies VCT plc Framlington AIM VCT plc Matrix Income & Growth 4 VCT plc Spark Ventures plc The Income & Growth VCT plc	Hotbed Fund Managers Limited
<b>Andrew Robson</b>	Brambletye School Trust Limited British Empire Securities and General Trust plc First Integrity Limited JPMorgan Smaller Companies Investment Trust plc M&G Equity Investment Trust plc Matrix Income & Growth 4 VCT plc Peckwater Limited Shires Income plc Topshire Limited Wiston Investment Company Limited	eFinancialCareers Limited eFinancialGroup Limited eFinancialNews Limited eFinancialNews Holdings Limited Edinburgh UK Smaller Companies Tracker Trust plc Gate Gourmet Group Holdings LLC Institute for food, brain and behaviour London Financial News Publishing Limited

<b>Jonathan Cartwright</b>	Aberforth Geared Income Trust plc	Bristow Group Inc.
	Aquilo Associates Limited	Bristow Aviation Holdings Limited
	British Portfolio Trust plc	Buckingham Gate Limited
	Serica Energy plc	Caledonia CCIL Distribution Limited
	Tennants Consolidated Limited	Caledonia EI Distribution
	The Income & Growth VCT plc	Caledonia Financial Limited
		Caledonia GP Distribution Limited
		Caledonia Group Services Limited
		Caledonia Industrial & Services Limited
		Caledonia Investments plc
		Caledonia Investment Funds Limited
		Caledonia Settlement Limited
		Caledonia Treasury Limited
		Easybox Self-Storage Limited
		Garlandheath Limited
		Sea Lion Ventures Limited
		Shieldcliff Limited
		Sloane Club Holdings Limited
		The Union-Castle Mail Steamship Company Limited
		Zulu Self Storage Properties Limited
<b>Bridget Guérin</b>	Matrix Alternative Investment Strategies Fund	Cornerstone VCT Limited
	Matrix (Bermuda) Limited	Matrix Group Limited
	Matrix Income & Growth VCT plc	Matrix-Securities Limited
	Matrix Income & Growth 3 VCT plc (in liquidation)	
	Matrix Money Management Limited	
	Matrix Structured Products Limited	
	Matrix UCITS Funds plc	

## **(B) MATRIX**

The Companies' investment manager is Matrix, 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 3206 7000). Matrix's registered office and principal place of business is One Vine Street, London W1J 0AH. Matrix is authorised and regulated by the Financial Services 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 Matrix operates is the Limited Liability Partnership Act 2000 and the applicable provisions of the Companies Acts (and regulations made thereunder).

## **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.

### **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 who 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, 2 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 5 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 10 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 7 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) by at least 5 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 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 of 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).

### **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; 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;
  - (ix) 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.

### **11.2 Where the Board gives authority in relation to such a conflict:**

- (a) 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;
- (b) 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;
- (c) 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;
- (d) the authority may also provide that the 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;
- (e) the Board may withdraw such authority at any time.

### **11.3 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**

- (a) 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:
  - (i) during the period of 12 years no cheque, order or warrant sent by the Company in a manner authorized by these Articles has been cashed and during such period of 12 years at least 3 cash dividends have been paid and no dividend has been claimed;
  - (ii) 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;
  - (iii) during the further period of 3 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
  - (iv) 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:

- 13.1 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;
- 13.2 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:
- (a) 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
  - (b) 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;
- 13.3 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;
- 13.4 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 then 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;
- 13.5 authorise any person to enter on behalf of all the holders of Shares concerned into an agreement with the Company providing for either:
- (a) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalization; or
  - (b) 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
- 13.6 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 the Act 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 fifth anniversary of the last allotment of shares in the Company 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 unitized) 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 the Act, 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 Matrix Income & Growth VCT plc.
- 1.2 MIG was incorporated and registered in England and Wales as a public company 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 CA 2006) on 1 July 2004.
- 1.4 The principal legislation under which MIG operates is the Companies Acts and regulations made thereunder.
- 1.5 MIG's registered office and principal place of business is at One Vine Street, London W1J OAH. 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 status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 19 December 2007 for the purposes of paying a capital dividend 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 FSA 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, as an entity listed on the main market of the London Stock Exchange, 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, 2 ordinary shares were issued fully paid to the subscribers to the memorandum of association of the Company.
- 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, 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 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 On 30 June 2004, MIG passed a resolution approving, subject to the sanction of the High Court, the cancellation of the share premium account (such cancellation being subsequently confirmed by the High Court on 24 August 2006 and registered at Companies House on 29 August 2006).

- 2.5 As at 31 December 2009, the date to which the last audited accounts have been prepared, the authorised share capital of the Company was £500,000 divided into 50,000,000 Shares (of which 20,373,514 were in issue, all fully paid-up).
- 2.6 On 12 May 2010, MIG passed a special resolution at the MIG annual general meeting amending the Articles of MIG pursuant to CA 2006 to remove the authorised share capital limitation. Consequently, MIG is no longer restricted by an authorised share capital.
- 2.7 On 20 May 2010, MIG acquired the assets and liabilities of Matrix Income & Growth 3 VCT plc pursuant to a section 110 Insolvency Act 1986 scheme of reconstruction and 20,572,129 MIG Shares were issued.
- 2.8 MIG has also issued (including those set out in paragraph 2.7 above) and bought back the following MIG Shares since 31 December 2009:

<b>Date</b>	<b>Issue/Purchase</b>	<b>Number</b>
25/03/2010	Purchase	33,525
20/05/2010	Issue (Merger)	20,572,129
01/06/2010	Purchase	43,298
24/06/2010	Purchase	101,554
12/08/2010	Purchase	224,641
27/08/2010	Purchase	68,051
22/10/2010	Purchase	88,371

- 2.9 At the date of this document, MIG had 40,386,203 MIG Shares in issue (all fully paid up).
- 2.10 The following special resolutions of MIG were passed at the annual general meeting of MIG held on 12 May 2010:
- (a) in substitution for any existing authorities, pursuant to section 551 of CA 2006, the Directors were generally and unconditionally authorised 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 £67,912 provided that the authority shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by MIG in a general meeting) but so that this authority shall allow MIG to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to subscribe for or to convert any security into MIG Shares to be granted after such expiry;
  - (b) in substitution for any existing authorities pursuant to section 570 (1) of CA 2006 the Directors are hereby empowered to allot equity securities (as defined in Section 560 (1) of CA 2006) for cash pursuant to the authority conferred upon them by resolutions passed at the annual general meeting or by way of a sale of treasury shares as if Section 561 (1) of CA 2006 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
    - (i) the allotment and/or sale of equity securities in connection with an issue or offer by way of rights or other pre-emptive issue or offer, open for acceptance for a period fixed by the directors where the shares offered to all shareholders are proportionate (as nearly as may be) to the respective number of MIG Shares held by them on a fixed record date, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements, directions from any holders of MIG Shares to deal in some other manner with their respective entitlements, or the requirements of any recognised regulatory body or any stock exchange in any territory;

- (ii) the allotment and/or sale of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued MIG Share capital at the date hereof in connection with any dividend investment scheme or similar scheme as may be introduced by MIG from time to time;
- (iii) the allotment and/or sale of equity securities (otherwise than pursuant to subparagraphs (i) and (ii) above) up to an aggregate nominal amount of 10 per cent of the issued MIG Share capital at the date of the passing of this resolution where the proceeds of the allotment may be used in whole or in part to purchase the MIG Shares in the market; and
- (iv) the allotment and/or sale of equity securities (otherwise than pursuant to subparagraphs (i), (ii) and (iii) above) from time to time with an aggregate nominal value of up to 5 per cent of the issued MIG Share capital at the passing of this resolution

and shall expire on the conclusion of the annual general meeting of MIG to be held in 2011 or if earlier 11 August 2011 (unless previously renewed, varied or revoked by MIG in general meeting), except that MIG may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

- (c) in substitution for any existing authorities pursuant to and in accordance with section 701 of the CA 2006, MIG be authorised 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 3,053,990;
  - (ii) the minimum price which may be paid for a MIG Share is 1p per share, the nominal value thereof; and
  - (ii) the maximum price which may be paid for a MIG Share is not more (excluding expenses) per share than the higher of (i) 5 per cent above the average of the middle market quotations for the MIG Shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that MIG Share is purchased and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulations 2003 (EC 2273/2003)

and this authority shall expire on conclusion of the next annual general meeting of MIG or if earlier 11 August 2011.

- (d) with effect from the close of this meeting:
  - (i) the provisions of MIG's memorandum of association which, by virtue of section 28 of CA 2006, are to be treated as provisions of MIG's articles of association, be deleted in their entirety; and
  - (ii) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the articles of association of MIG in substitution for, and to the exclusion of, the existing articles of association; and
- (e) that a general meeting other than an annual general may be called on not less than 14 clear days' notice.

2.11 The following authorities were provided by the passing of a special resolution of MIG at an extraordinary general meeting of MIG also held on 12 May 2010:

- (a) in addition to existing authorities, to the extent unused the MIG Directors were generally and unconditionally authorised in accordance with 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 £145,000 during the period commencing on the passing of this resolution and expiring on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by MIG in a general meeting) but so that this authority shall allow MIG to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to subscribe for or to convert any security into MIG Shares to be granted after such expiry.
- (b) in addition to existing authorities, the MIG Directors were empowered pursuant to sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of CA 2006) for cash pursuant to the authority given pursuant to the above paragraph (a) above or by way of a sale of treasury shares, as if section 561(1) of CA 2006 did not apply to such allotment, provided that the power conferred shall expire on the conclusion of the annual general meeting of MIG to be held in 2011 and provided further that this power 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 and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital as at close of business on 21 May 2010 in connection with any dividend investment scheme operated by MIG; and
  - (iii) the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital as at the close of business on 21 May 2010; where the proceeds may in whole or part be used to purchase shares; and
- (c) in addition to existing authorities the MIG Directors were empowered to make one or more market purchases within the meaning of section 693(4) of CA 2006 of MIG Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
  - (i) the aggregate number of MIG Shares which may be purchased shall not exceed 6,750,000;
  - (ii) the minimum price which may be paid per share is 1p, the nominal value thereof;
  - (iii) the maximum price which may be paid per share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation per share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
  - (iv) the authority conferred shall expire on the conclusion of the annual general meeting of MIG to be held in 2011 unless such authority is renewed prior to such time; and
  - (v) MIG may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares.

- (d) That, subject to the Scheme (as defined in the circular to shareholders dated 14 April 2010) becoming effective, the amount standing to the credit of the share premium account of MIG, at the date an order is made confirming such cancellation by the court, be and hereby is cancelled.

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

2.13 Following the issue of MIG Shares pursuant to the Offer (assuming full subscription but pursuant to the Offer and an Offer Price of 86.3p per MIG Share) the issued share capital of MIG is expected to be as follows:

	Issued	
	Number	£
MIG Shares	47,529,060	475,290.60

2.14 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.

2.15 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 2.11 above.

2.16 As at 11 November 2010 (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 FSA, a holding of 3 per cent. or more must be notified to the Company).

### 3. Directors' and other interests

3.1 The Board of MIG comprises three non-executive directors, all of whom are independent of Matrix except for Bridget Guérin. The Board of MIG has substantial experience of venture capital businesses and has overall responsibility for MIG's affairs, including its investment policy. Matrix is the investment adviser.

3.2 As at 11 November 2010 (this being the latest practical 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	32,341	0.08
Tom Sooke	16,342	0.04
Bridget Guérin	18,980	0.05

- 3.3 The MIG Directors intend to subscribe for Offer Shares under the Offer for the following aggregate amounts:

	£
Keith Niven	10,000
Tom Sooke	5,000
Bridget Guérin	5,000

- 3.4 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 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.
- 3.5 The MIG Directors were appointed as directors of MIG on 1 July 2004 under letters of appointment (other than Tom Sooke) dated 1 July 2004, which may be terminated on 3 months' notice. Tom Sooke (trading as Citicourt Associates) is appointed pursuant to a consultant's agreement dated 1 October 2008, which is also terminable on 3 months' notice. 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 £25,000. The total annual remuneration receivable by Tom Sooke and Bridget Guérin is £25,000 and £20,000 each respectively. The office of non-executive director of MIG is not pensionable. Aggregate MIG Directors' emoluments in respect of qualifying services for the period ended 31 December 2009 amounted to £80,000 (including the remuneration payable to Christopher Moore who stepped down as a director of MIG on 20 May 2010). The MIG Directors estimate that the total amount payable to them for the year ending 31 December 2010 will be approximately £77,000 (including the amount payable to Christopher Moore to 20 May 2010 and the increase in fees for all MIG Directors from 20 May 2010).
- 3.6 Bridget Guérin was a director of Matrix-Securities Limited, the then Company's secretary and administrator, until 22 December 2009 which received an annual administration fee of £85,031, £87,030 and £88,387 in the years ended 31 December 2007, 2008 and 2009 respectively. Matrix-Securities Limited has also on occasion acted as promoter to the Company in respect of fundraisings since inception of MIG. Bridget Guérin was a director and remains a shareholder of Matrix Group Limited which (i) holds a controlling stake in Matrix Corporate Capital LLP, which acts as broker to the Company; (ii) owns 100 per cent. of the equity of MPE Partners Limited which holds a 50 per cent. interest in Matrix and (iii) is the parent company of the wholly owned subsidiary Matrix-Securities Limited, and as such is interested in the contracts referred to at paragraphs 5.1 and 5.2.
- 3.7 Save as set out in paragraph 3.6 above, there are no potential conflicts of interest between the duties of any Director and their private interests and/or other duties.
- 3.8 Except as stated in paragraph 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 2007, 2008 and 2009 or to the date of this document in the current financial year or and remains in any respect outstanding or unperformed.
- 3.9 No loan or guarantee has been granted or provided by MIG to or for the benefit of any of the MIG Directors.
- 3.10 MIG has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.

- 3.11 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 10 to 11.
- 3.12 No MIG Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.13 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 are 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.
  - (b) Keith Niven and Bridget Guérin were directors of Cornerstone VCT Limited which was voluntarily struck off the register of companies and dissolved on 4 July 2006.
  - (c) Keith Niven was also a director of Advance UK Trust plc, which entered into members' voluntary liquidation on 19 March 2010.
- 3.14 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 Matrix, are responsible for the determination of 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. Matrix has been appointed as investment manager, 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 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, Matrix may retain for its own benefit and without liability to account to MIG, subject to full disclosure having been made to the 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 Matrix.
- 4.3 All unquoted investments will be 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. In the event of any suspension of listing, valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers.
- 4.4 MIG has, under the same agreement with Matrix as set out in paragraph 5.1, appointed Matrix to provide company secretarial and accountancy. The services to be provided will include all necessary secretarial, bookkeeping, accounting and custodian services required in connection with the business and operation of MIG.

- 4.5 PricewaterhouseCoopers LLP receives an annual fee of £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 names; and
  - MIG's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in MIG's own names.
- 4.7 A maximum of 75 per cent. 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) and Keith Niven (Bridget Guérin is invited to attend the committee meetings). 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 & 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; and
  - implementing and reviewing MIG's policies on the engagement of the external auditor to supply non-audit services.
- 4.9 The members of the nomination and remuneration committee of MIG are Keith Niven (chairman) and Tom Sooke (Bridget Guérin is invited to attend committee meetings). 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 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 retire by rotation at the annual general meeting following appointment and then thereafter every three years. There is no formal induction programme for MIG Directors.
- 4.10 MIG complies with the Combined Code save as follows:
- MIG Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the MIG Articles that all MIG Directors retire by rotation at the annual general meeting, the MIG Board considers that it is not appropriate for the MIG Directors to be appointed for a specific term as recommended by the Combined Code);
  - the MIG Directors undertake a formal evaluation of the Board's performance and that of its committees and individual MIG Directors on a rolling three year basis, which is a departure from the Combined Code which requires annual evaluation; and
  - in light of the responsibilities retained by the MIG Board and its committees and of the responsibilities delegated to Matrix, MIG has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Combined Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to MIG.

## 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 adviser's agreement dated 20 May 2010 between MIG (1), Matrix (2) and Matrix-Securities Limited (3), pursuant to which Matrix provides certain investment management, secretarial and accountancy services to MIG for a fee payable quarterly in advance of an amount equivalent to 2 per cent. per annum of net assets (exclusive of VAT, if any) plus £120,000 (inclusive of VAT, if any) the £120,000 being subject to increase in the Retail Price Index. 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 if it fails to become, or ceases to be, a VCT for tax purposes or where Matrix ceases to be authorised by the FSA or if there is a change in control of Matrix. The agreement contains provisions indemnifying Matrix against any liability not due to its default, gross negligence, fraud or breach of the FSMA.
- 5.2 A performance incentive agreement dated 9 July 2004 between MIG (1) and Matrix Private Equity Partners Limited (2), which was novated to Matrix pursuant to a novation agreement dated 20 October 2006 and as amended by a deed of variation dated 20 May 2010, pursuant to which Matrix are entitled to receive performance related incentive fees subject to achieving certain defined targets.

Matrix is entitled to receive performance incentive fees of 20 per cent. of subsequent cash distributions made to MIG Shareholders (whether by dividend or otherwise from 20 May 2010) over and above a target return of dividends of 6.13p per MIG Share per annum (index linked) subject to the maintenance of a NAV per MIG Share of 96.91p. The performance incentive fee is payable annually and any cumulative shortfalls against the annual target return have to be made up in later years before any entitlement arises.

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

- 5.3 An offer agreement dated 12 November 2010 between the Companies (1), the Directors (2) Matrix (3) and Charles Stanley (4) whereby Matrix has agreed to act as promoter in connection with the Offer and Charles Stanley have agreed to act as sponsor in connection with the Offer. The agreement contains warranties given by the Company and the Directors to Matrix and given by the Companies, the Directors and Matrix to Charles Stanley. The Companies will pay to Matrix a commission of 5.5 per cent. of the gross amount subscribed under the Offer out of which will be paid all costs, charges and expenses of or incidental to the Offer including the fees of Charles Stanley, save that the Companies shall, pursuant to the terms of the Offer pay annual trail commission.
- 5.4 A letter of engagement dated 20 May 2010 from Charles Stanley pursuant to which Charles Stanley have been appointed as sponsor to the Companies in connection with the Offer. The total fees payable are £20,000 plus VAT and disbursements to be split equally between the Companies. The Companies have agreed to indemnify Charles Stanley for any loss suffered in respect of its role as sponsor to the Offer. The Companies' liability under this indemnity is unlimited. This engagement may be terminated at any time.

## 6. Investment objective and policy

### *Investment objective*

The objective of MIG 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.

### ***Investment policy***

MIG's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are usually structured as part loan and part equity in order to generate 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 management buyout transactions ("MBOs") i.e. to support incumbent management teams in acquiring the business they manage but do not own. Investments are primarily made in companies that are established and profitable.

Uninvested funds are held in cash and lower risk Money Market Funds.

The funds raised by the Companies after 6 April 2006 are subject to the £7 million gross assets test for an investment to be VCT qualifying. Pre 6 April 2006, the companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

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

MIG initially holds its 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 per cent. of net funds raised in qualifying investments.

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. Initial investments in VCT qualifying companies are, subject to formal approval from the MIG Board, generally made in amounts ranging from £200,000 to £1 million at cost. No holding in any one company will represent more than 10 per cent. of the value of the MIG's investments at the time of investment. Ongoing monitoring of each investment is carried out by the investment manager generally through taking a seat on the board of each Qualifying Company.

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

MIG's Articles permit borrowings of amounts up to 10 per cent. of the sum equal to the aggregate of the amount paid up on the allotted or issued share capital of MIG and the amount standing to the credit of the capital and revenue reserves of MIG (whether or not distributable) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account. However, MIG has no current plans to undertake any borrowing.

The 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 Matrix and are then subject to formal approval by the MIG Directors.

6.1 MIG's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC.

- 6.2 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.
- 6.3 MIG is subject to the investment restrictions relating to a Venture Capital Trust in the Tax Act, as more particularly detailed in Part II of this document, 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 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 per cent., 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 per cent. by VCT Value of MIG's investments; and
  - (d) not more than 20 per cent. of MIG's gross assets will at any time be invested in the securities of property companies.
- 6.4 Matrix has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type in 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.
- 6.5 In the event of a breach of the investment restrictions which apply to MIG as described in paragraph 6.3 above, Shareholders will be informed by means of the half-yearly and/or the annual report or through a public announcement.
- 6.6 The MIG Directors act and will continue to act independently of Matrix. No majority of the MIG Directors will be directors or employees of, or former directors or employees of, or professional advisers to Matrix or any other company in the same group as Matrix.
- 6.7 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 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**

Save for the fees paid to Matrix and Matrix-Securities Limited (Matrix-Securities Limited being the former secretary and administrator to MIG), under the arrangements set out in paragraph 5 above, the fees paid to MIG Directors as detailed in paragraph 4 above and fees paid to Matrix Corporate Capital LLP of £nil (2008), £9,161 (2009) and £12,925 (current year) (MIG has also bought MIG Shares for an aggregate consideration of £374,370 from Matrix Corporate Capital LLP under the buy-back policy in the current year), there were no related party transactions or fees paid by MIG during the years ended 31 December 2007, 2008 and 2009 or to the date of this document in the current financial year.

## **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 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 they pay 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 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 per cent. 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 Offer will not be, a close company within the meaning of the Tax Act. If MIG was a close company in any accounting period, approval as a Venture Capital Trust would be withdrawn.

## **10. Miscellaneous**

- 10.1 Save for the movement in the unaudited NAV of 86.3p as at 30 June 2010 to 92.6p as at 30 September 2010, there has been no significant change in the financial or trading position of MIG since 30 June 2010, the date to which the last unaudited half-yearly financial statements for MIG have been published.
- 10.2 Matrix is the promoter of the Offer and, save as disclosed in paragraph 5.3 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 have been no important events so far as MIG Directors are aware relating to the development of MIG or its business.
- 10.4 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.
- 10.5 Save as set out in the final risk factor on page 4, as at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect MIG's operations.

- 10.6 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on MIG's prospects for at least the current financial year, so far as MIG and the MIG Directors are aware.
- 10.7 The issue costs payable by MIG under the Offer (including irrecoverable VAT and sales commissions) have been fixed by the MIG Directors at 5.5 per cent. of total funds subscribed (but excluding annual trail commission) in respect of MIG Ordinary Shares issued pursuant to the Offer. Matrix has agreed to indemnify MIG in respect of any excess over 5.5 per cent. of the gross proceeds of the issue of MIG Ordinary Shares under the Offer. The net proceeds for MIG from the Offer, assuming full subscription, will therefore amount to approximately £6,300,000.
- 10.8 MIG has paid dividends amounting to 21.3p per MIG Share (equivalent) in the period from incorporation.
- 10.9 MIG's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 10.10 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.
- 10.11 MIG and its Shareholders are subject to the provisions of the Takeover Code and the Companies Acts, which require shares to be acquired/transferred in certain circumstances.
- 10.12 The typical investor for whom investment in MIG is designed is a retail investor who is an individual higher rate tax payer aged 18 or over and who is resident in the United Kingdom.
- 10.13 Matrix is responsible for the determination and calculation of MIG's net asset value, which will be prepared quarterly for approval by the MIG Directors.
- 10.14 PKF (UK) LLP act as auditors to MIG. PKF (UK) 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.
- 10.15 Charles Stanley 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 30 September 2010, which are analysed below, are in the UK and are valued in sterling.

<b>Sector</b>	<b>per cent. by cost</b>	<b>per cent. by value</b>
Support services	33.18	31.16
General retailers	16.69	19.59
Technology, hardware and equipment	7.49	12.23
Software and computer services	3.43	5.82
Construction	11.94	6.88
Media	13.75	12.46
Pharmaceuticals	5.17	5.89
Food production and distribution	3.77	3.44
Personal goods	4.58	2.53

Type	per cent. by cost	per cent. by value
Unlisted ordinary shares	24.56	33.10
Unlisted loan stock and preference shares or loans	51.30	44.42
Cash/liquidity	24.14	22.48
Total	100	100

There has been no material change to the above analysis since 30 June 2010, the date to which the last unaudited financial statements for MIG have been published.

### (C) FINANCIAL INFORMATION

MIG has produced annual statutory accounts for the three financial years ended 31 December 2007, 2008 and 2009, and unaudited information in the half-yearly financial statements for the six month period ended 30 June 2010. The auditors, PKF (UK) LLP, Registered Auditor, of Farringdon Place, 20 Farringdon Road, London EC1M 2AP have reported on the annual statutory accounts without qualification and without statements under section 237(2) or (3) of CA 1985 or sections 495 to 497A of CA 2006 (as applicable).

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, 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.

Description	2007 Annual Report	2008 Annual Report	2009 Annual Report	2010 Half-Yearly Report
Balance Sheet	Page 30	Page 32	Page 30	Page 16
Income Statement (or equivalent)	Page 29	Page 31	Page 29	Pages 14 to 15
Statement showing all changes in equity (or equivalent note)	Page 31	Page 33	Page 31	Page 17
Cash Flow Statement	Page 32	Page 34	Page 32	Page 18
Accounting Policies and Notes	Pages 33 to 47	Pages 35 to 50	Pages 33 to 50	Pages 20 to 26
Auditor's Report	Pages 27 to 28	Pages 29 to 30	Page 28	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>2007 Annual Report</b>	<b>2008 Annual Report</b>	<b>2009 Annual Report</b>	<b>2010 Half-Yearly Report</b>
Objective	Page 1	Page 1	Inside front cover	Inside front cover
Performance Summary	Page 4	Page 4	Page 2	Page 1
Results & Dividend	Page 17	Page 19	Page 15	Page 15
Investment Policy	Page 2	Page 2	Page 1	Pages 8 to 9
Chairman's Statement	Pages 5 to 6	Pages 5 to 6	Pages 3 to 4	Pages 4 to 5
Manager's Review	Pages 7 to 13	Page 8 to 15	Pages 5 to 10	Pages 10 to 11
Portfolio Summary	Pages 14 to 15	Pages 16 to 17	Pages 11 to 12	Pages 12 to 13
Valuation Policy	Page 33	Page 35	Page 33	n/a

Certain financial information of MIG is also set out below:

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2008</b>	<b>Year ended 31 December 2009</b>	<b>Six month period ended 30 June 2010</b>
Investment income	£1,231,117	£1,153,512	£399,661	£437,524
Profit/loss on ordinary activities before taxation	£4,164,605	£(4,155,892)	£(563,531)	£2,245,466
Earnings per MIG Share	18.65p	(19.89)p	(2.73)p	8.94p
Dividends per MIG Share	7.8p	2p	5p	5p
Total assets	£25,944,820	£18,377,230	£17,097,733	£35,575,029
NAV per MIG Share	116.89p	86.54p	83.34p	86.3p

As at 30 June 2010, the date to which the most recent unaudited half-yearly financial statements on MIG were published, MIG had unaudited net assets of £35,160,224. As at 30 September 2010, MIG had unaudited net assets of £37,455,312.

### **Effect of the Offer**

As at 30 June 2010, the date to which the most recent unaudited half-yearly financial statements on MIG have been drawn up, MIG had unaudited net assets of £35,160,224. MIG is now seeking to raise up to £6.66 million through the Offer for which the associated expenses will be 5.5 per cent. of the gross proceeds. The impact of the Offer on MIG's earnings should be accretive to the extent, if any, that interest earned on the proceeds will exceed expenses. The assets of MIG will be increased by the net proceeds of the Offer.

## **PART II – MIG 4**

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

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

- 1.1 The legal and commercial name of MIG 4 is Matrix Income & Growth 4 VCT plc.
- 1.2 MIG 4 was incorporated and registered in England and Wales as a public company 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 CA 2006) on 3 February 1999.
- 1.4 The principal legislation under which MIG 4 operates is the Companies Acts and regulations made thereunder.
- 1.5 MIG 4's registered office and principal place of business is at One Vine Street, London W1J 0AH. 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 FSA 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, as an entity listed on the main market of the London Stock Exchange, 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, dividend into 79,000,000 ordinary shares of 5p each. On incorporation 200 ordinary shares were issued fully paid to the subscribers to the memorandum of association of the Company.
- 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 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 20 June 2001, MIG 4 passed a resolution approving, subject to the sanction of the High Court, the cancellation of the share premium account (such cancellation being subsequently confirmed by the High Court on 5 September 2001).
- 2.4 At an extraordinary general meeting on 18 October 2006, the issued and unissued ordinary shares of 5p each in the capital of the Company were consolidated on the basis of one new ordinary share of 10p each for every two existing ordinary shares of 5p each. The issued and unissued ordinary shares of 10p each were then sub-divided into one ordinary share of 1p each and nine deferred shares of 1p each. In accordance with MIG 4's Articles, the deferred shares were subsequently acquired for a nominal consideration and cancelled by the Company.

- 2.5 An offer for subscription for Ordinary Shares of 1p each was launched on 2 November 2006. A total of 13,006,193 Ordinary Shares were issued and allotted between 1 February 2007 and 5 April 2007.
- 2.6 As at 31 January 2010, the date to which the last audited accounts have been prepared, a total of 3,709,458 MIG 4 Shares have been bought back by MIG 4.
- 2.7 As at 31 January 2010, the date to which the last audited accounts have been prepared, the issued share capital of the Company was 19,957,572 (all fully paid-up).
- 2.8 On 27 May 2010, MIG 4 passed a special resolution at the MIG 4 annual general meeting amending the Articles of MIG 4 pursuant to CA 2006 to remove the authorised share capital limitation. Consequently, MIG 4 is no longer restricted by an authorised share capital.
- 2.9 MIG 4 has issued and bought back the following MIG 4 Shares since 31 January 2010:

<b>Date</b>	<b>Issue/Purchase</b>	<b>Number</b>
31/03/2010	Issue	1,462,871
03/04/2010	Issue	21,030
16/04/2010	Purchase	205,865
14/06/2010	Issue	26,848
28/06/2010	Purchase	36,044
28/07/2010	Purchase	194,144
20/10/2010	Purchase	66,000
02/11/2010	Purchase	28,750

On 14 June 2010 MIG 4 forfeited 4,581 MIG 4 Shares due to the non-payment of the purchase price pursuant to the offer for subscription which opened in January 2010.

- 2.10 At the date of this document, 20,932,937 MIG 4 Shares are in issue (all fully paid-up).
- 2.11 The following special resolutions of MIG 4 were passed at the annual general meeting of MIG 4 held on 27 May 2010:
- 2.11.1 That in substitution for any existing authorities pursuant to section 551 of CA 2006 for the purpose of the said section 551 (and so that expressions used in this resolution shall bear the same meanings as in the said section 551) the MIG 4 Directors were unconditionally authorised to exercise all the powers of MIG 4 to allot:
- relevant securities up to a maximum nominal amount of £171,472 to such persons and at such times and on such terms as they think proper; and
  - equity securities (as defined in section 560 of CA 2006) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to an aggregate nominal amount of £71,472 subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory, in each case so that the authority hereby conferred shall expire on the conclusion of the annual general meeting of MIG 4 to be held in 2011, unless renewed, revoked or varied by MIG 4 in general meeting (except that the MIG 4 may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the MIG 4 Directors may allot relevant securities in pursuance of such offers or agreements).

2.11.2 That in substitution for any existing authorities pursuant to sections 570 and 573 of CA 2006 the MIG 4 Directors were empowered in accordance with sections 570 and 573 of CA 2006 to sell treasury shares (as defined in section 560(3) of CA 2006) and, subject to paragraph 2.11.1 above being passed, make other allotments of equity securities (and the expression “allotment of equity securities” and like expressions used in this resolution shall have the meaning given to them by virtue of section 560 of CA 2006) for cash, pursuant to the authority conferred on them to allot relevant securities and/or equity securities (as defined in section 560 of CA 2006) by that resolution, in each case as if section 561 did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:

- (a) the allotment and issue of equity securities up to an aggregate nominal value representing £100,000 in connection with offer(s) for subscription;
- (b) the allotment of equity securities in connection with a rights issue where the MIG 4 Shares offered to all shareholders are proportionate (as nearly as may be) to the respective numbers of MIG 4 Shares held by them, but subject to such exclusions or other arrangements as the MIG 4 Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or directions from any holders of MIG 4 Shares to deal in some other manner with their respective entitlements, or the requirements of any recognised regulatory body or any stock exchange in any territory;
- (c) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued MIG 4 Share capital at the date of the MIG 4 annual general meeting in 2010 in connection with any dividend investment scheme or similar scheme as may be introduced by MIG 4 from time to time;
- (d) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i) and (ii) above) up to an aggregate nominal amount of 10 per cent of the issued MIG 4 Share capital at the date of the MIG 4 annual general meeting in 2010 where the proceeds of the allotment may be used in whole or in part to purchase the MIG 4 Shares in the market; and
- (e) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i), (ii) and (iii) above) from time to time with an aggregate nominal value of up to 5 per cent of the issued MIG 4 Share capital at the date of the MIG 4 annual general meeting.

This power, unless previously renewed or revoked, shall expire on the conclusion of the annual general meeting of MIG 4 to be held in 2011 save that MIG 4 may, before expiry of this power, make offers or agreements which would or might require equity securities to be allotted after such expiry and the MIG 4 Directors may allot securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

2.11.3 That the MIG 4 Directors be generally and unconditionally authorised for the purpose of section 701 of CA 2006 to make a market purchase or market purchases (as defined in section 693(4) of CA 2006) of MIG 4 Shares at any time or times provided that:

- (a) the maximum aggregate number of MIG 4 Shares authorised to be purchased is 3,214,077;
- (b) the minimum price which may be paid for such MIG 4 Shares is 1p per MIG 4 Share, being the nominal value of a MIG 4 Share;
- (c) the maximum price which may be paid for any MIG 4 Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for such shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day 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);

- (d) MIG 4 may make a contract or contracts to purchase its own MIG 4 Shares under the 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 4 Shares in pursuance of any such contract; and
- (e) any purchase by MIG 4 of its own shares does not prejudice the ability of MIG 4 to disregard, to the fullest possible extent pursuant to section 274 of the Tax Act, the use to which money raised pursuant to a share issue is put, for the purposes of complying with the 70 per cent. test and the 30 per cent. test, as those terms are defined in the Tax Act.

The authority thereby conferred shall (unless previously renewed or revoked) expire on the conclusion of the next annual general meeting of MIG 4 to be held in 2011.

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

2.13 Following the issue of MIG 4 Shares pursuant to the Offer (assuming full subscription but pursuant to the Offer and an Offer Price of 117.4p per MIG 4 Share) the issued share capital of MIG 4 is expected to be as follows:

	Issued	
	Number	£
MIG 4 Shares	26,895,458	268,954.58

2.14 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.

2.15 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 2.10.

2.16 As at 11 November 2010 (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 FSA, a holding of 3 per cent. 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 Matrix. 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. Matrix acts as investment adviser.

3.2 As at 11 November 2010 (this being the latest practical 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 Share capital	% of issued MIG 4
Christopher Moore	26,690	0.13
Helen Sinclair	6,672	0.03
Andrew Robson	nil	nil

- 3.3 The MIG 4 Directors intend to subscribe for Offer Shares under the Offer for the following aggregate amounts:

	£
Christopher Moore	20,000
Helen Sinclair	15,000
Andrew Robson	15,000

- 3.4 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 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 the CA 2006.
- 3.5 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 3 months' notice. Andrew Robson was appointed pursuant to a service agreement dated 1 August 2010, which is also terminable on 3 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 £31,000. The total annual remuneration receivable by Helen Sinclair and Andrew Robson is £26,000 each. The office of non-executive director of MIG 4 is not pensionable. Aggregate MIG 4 Directors' emoluments in respect of qualifying services for the period ended 31 January 2010 amounted to £83,000. The MIG 4 Directors estimate that the total amount payable to them for the year ending 31 January 2011 will be £86,000 (including the amount payable to Colin Hook to 27 September 2010 and an increase in fee for Christopher Moore following his appointment as chairman to £31,000 per annum from 27 September 2010).
- 3.6 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 2008, 2009 and 2010 or to the date of this document in the current financial year or and remains in any respect outstanding or unperformed.
- 3.7 There are no potential conflicts of interest between the duties of any Director and their private interests and/or other duties.
- 3.8 No loan or guarantee has been granted or provided by MIG 4 to or for the benefit of any of the MIG 4 Directors.
- 3.9 MIG 4 has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.10 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 10 to 11.
- 3.11 No MIG 4 Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.12 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.
- (b) Andrew Robson was a director of Edinburgh UK Smaller Companies Tracker Trust plc until November 2006. The company was subsequently placed in voluntary liquidation in December 2006 around which time it had over £117 million of assets after meeting claims from secured creditors. Andrew was also a director of London Financial News Publishing Limited until May 2007, the dormant company was subsequently voluntarily struck off the register of companies in July 2009.

3.13 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 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. Matrix has been appointed as investment manager, 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 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, Matrix may retain for its own benefit and without liability to account to MIG 4, subject to full disclosure having been made to the 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 Matrix.
- 4.3 All unquoted investments will be 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. In the event of any suspension of listing, valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers.
- 4.4 MIG 4 has appointed Matrix to provide company secretarial, accountancy and custodian services. The services to be provided will include all necessary secretarial, bookkeeping, accounting and custodian services required in connection with the business and operation of MIG 4.
- 4.5 PricewaterhouseCoopers LLP receives an annual fee of £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 names; 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 names.

- 4.7 A maximum of 75 per cent. 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 & 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; and
  - implementing and reviewing MIG 4's policies on the engagement of the external auditor to supply non-audit services.
- 4.9 The members of the nomination and remuneration committee of MIG 4 are Christopher Moore (chairman), Helen Sinclair and Andrew Robson. 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. There is no formal induction programme for MIG 4 Directors
- 4.10 MIG 4 complies with the Combined Code save as follows:
- MIG 4 Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the MIG 4 Articles that all MIG 4 Directors retire by rotation at the annual general meeting, the MIG 4 Board considers that it is not appropriate for the MIG 4 Directors to be appointed for a specific term as recommended by the Combined Code); and
  - in light of the responsibilities retained by the MIG 4 Board and its committees and of the responsibilities delegated to Matrix, MIG 4 has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Combined Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to MIG 4.

## 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 adviser's agreement dated 12 November 2010 between MIG 4 (1), Matrix (2) and Matrix-Securities Limited (3) pursuant to which Matrix is appointed to provide advisory investment management services in respect of MIG 4's investments in VCT qualifying investments.

Matrix is entitled to an annual management fee of 2 per cent. of the net asset value per annum of MIG 4 plus an annual fixed fee of £86,827 that is subject to annual RPI uplift

(the fixed fee to be increased by £21,000 provided that the Offer raises more than £3 million for MIG 4), payable quarterly in arrears, together with any applicable VAT. 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 Matrix ceases to be authorised by the FSA or if there is a change in control of Matrix. The agreement contains provisions indemnifying Matrix against any liability not due to its default, gross negligence, fraud or breach of the FSMA.

- 5.2 A performance incentive agreement dated 1 November 2006 between the Company (1), Matrix (2) and Matrix Group Limited (3), pursuant to which Matrix and Matrix Group Limited are entitled to receive performance related incentive fees subject to achieving certain defined targets.

Matrix and Matrix Group Limited are both entitled to receive performance incentive fees of 20 per cent of the annual dividends paid to MIG 4 Shareholders over and above an annual target return of dividends equivalent to 6 per cent. of the net assets per MIG 4 Share. The performance incentive fee shall be split 75/25 between Matrix and Matrix Group. Any cumulative shortfalls below the dividend hurdle per annum ("Shortfall") will have to be made up in later years before any entitlement arises.

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

- 5.3 An offer agreement dated 12 November 2010 between the Companies (1), the Directors (2) Matrix (3) and Charles Stanley (4) whereby Matrix has agreed to act as promoter in connection with the Offer and Charles Stanley have agreed to act as sponsor in connection with the Offer. The agreement contains warranties given by the Company and the Directors to Matrix and given by the Companies, the Directors and Matrix to Charles Stanley. The Companies will pay to Matrix a commission of 5.5 per cent. of the gross amount subscribed under the Offer out of which will be paid all costs, charges and expenses of or incidental to the Offer including the fees of Charles Stanley, save that the Companies shall, pursuant to the terms of the Offer pay annual trail commission.

- 5.4 A letter of engagement dated 20 May 2010 from Charles Stanley pursuant to which Charles Stanley have been appointed as sponsor to the Companies in connection with the Offer. The total fees payable are £20,000 plus VAT and disbursements to be split equally between the Companies. The Companies have agreed to indemnify Charles Stanley for any loss suffered in respect of its role as sponsor to the Offer. The Companies liability under this indemnity is unlimited. This engagement may be terminated at any time.

## **6. Investment objective and policy**

### ***Investment 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.

### ***Investment policy***

MIG 4's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are usually structured as part loan and part equity in order to generate 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 management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not yet own. Investments are primarily made in companies that are established and profitable. MIG 4 has a small legacy portfolio of investments in early stage and technology companies from its period prior to 1 August 2006, when it was a multi-manager VCT. These represent less than 0.3% of the value of the aggregate combined net assets of MIG 4.

Uninvested funds are held in cash and lower risk Money Market Funds.

## ***UK companies***

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding. The £14.9 million of funds raised by MIG 4 after 6 April 2006 are subject to a £7 million gross assets test for an investment to be a VCT qualifying holding.

## ***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, the Company may not invest more than 15 per cent. of its investments in a single company and must have at least 70 per cent. by value of its investments throughout the year in shares or securities comprised in VCT qualifying holdings, of which a minimum overall of 30 per cent. by value (70 per cent. for funds raised from an effective date to be specified) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although MIG 4 can invest less than 30 per cent. (70 per cent. for funds raised from an effective date to be specified by statute) of an investment in a specific company in ordinary shares it must have at least 10 per cent. 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***

MIG 4 initially holds its funds in a portfolio of readily realisable interest bearing investments and deposits, maximising income returns whilst minimising the risk of loss to capital. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 80 per cent. 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. Initial investments in VCT qualifying companies are then subject to formal approval by the MIG 4 Directors.

## ***Co-investment***

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

## ***Borrowing***

MIG 4's Articles permit borrowings of amounts up to 10 per cent. of the sum equal to the aggregate of the amount paid up on the allotted or issued share capital of MIG 4 and the amount standing to the credit of the capital and revenue reserves of MIG 4 (whether or not distributable) after adding thereto or deducting therefrom any balance standing to the credit or debit of the profit and loss account. However, MIG 4 has no current plans to undertake any borrowing.

## ***Management***

The 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 Matrix and are then subject to formal approval by the MIG 4 Directors.

- 6.1 MIG 4's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC.
- 6.2 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.
- 6.3 MIG 4 is subject to the investment restrictions relating to a Venture Capital Trust in the Tax Act, as more particularly detailed in Part III of this document, 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 per cent., 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 per cent. by VCT value of MIG 4's investments; and
- (d) not more than 20 per cent. of MIG 4's gross assets will at any time be invested in the securities of property companies.

- 6.4 Matrix has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type in 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.
- 6.5 In the event of a breach of the investment restrictions which apply to MIG 4 as described in paragraph 6.3 above, Shareholders will be informed by means of the half-yearly and/or the annual report or through a public announcement.
- 6.6 The MIG 4 Directors act and will continue to act independently of Matrix. No majority of the MIG 4 Directors will be directors or employees of, or former directors or employees of, or professional advisers to Matrix or any other company in the same group as Matrix.
- 6.7 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 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**

Save for the fees paid to Matrix and Matrix-Securities Limited, under the arrangements set out in paragraph 5 above, the fees paid to MIG 4 Directors (including fees paid to former MIG 4 Directors) as detailed in paragraph 4 above and fees paid to Matrix Corporate Capital LLP of £10,518 (2010), £3,917 (2009) and £11,750 (current year) (MIG 4 has also bought MIG 4 Shares for an aggregate consideration of £403,031 from Matrix Corporate Capital LLP under the buy-back policy in the current year), there were no related party transactions or fees paid by MIG 4 during the years ended 31 January 2008, 2009 and 2010 or to the date of this document in the current financial year.

## **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 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 they pay 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 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 per cent. 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 Offer will not be, a close company within the meaning of the Tax Act. If MIG 4 was 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 31 July 2010, the date to which the last unaudited half-yearly financial statements for MIG 4 have been published.
- 10.2 Matrix is the promoter of the Offer and, save as disclosed in paragraph 5.3 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 have been no important events so far as MIG 4 Directors are aware relating to the development of MIG 4 or its business.
- 10.4 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.
- 10.5 Save as set out in the final risk factor on page 4, as at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect MIG 4's operations.
- 10.6 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on MIG 4's prospects for at least the current financial year, so far as MIG 4 and the MIG 4 Directors are aware.
- 10.7 The issue costs payable by MIG 4 under the Offer (including irrecoverable VAT and sales commissions) have been fixed by the MIG 4 Directors at 5.5 per cent. of total funds subscribed (but excluding annual trail commission) in respect of MIG 4 Shares. Matrix has agreed to indemnify MIG 4 in respect of any excess over 5.5 per cent. of the gross proceeds of the issue of MIG 4 Shares under the Offer. The net proceeds for MIG 4 from the Offer, assuming full subscription, will therefore amount to approximately £6,300,000.

- 10.8 MIG 4 has paid dividends amounting to 17.70p per MIG 4 Share (equivalent) in the period from incorporation.
- 10.9 MIG 4's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 10.10 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.
- 10.11 MIG 4 and its Shareholders are subject to the provisions of the Takeover Code and the Companies Acts, which require shares to be acquired/transferred in certain circumstances.
- 10.12 The typical investor for whom investment in MIG 4 is designed is a retail investor who is an individual higher rate tax payer aged 18 or over and who is resident in the United Kingdom.
- 10.13 Shareholders in MIG 4 will be informed, by means of the half-yearly and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to MIG 4 as a VCT detailed in this document are breached.
- 10.14 Matrix is responsible for the determination and calculation of MIG 4's net asset value, which will be prepared quarterly for approval by the MIG 4 Directors.
- 10.15 PKF (UK) LLP act as auditors to MIG 4. PKF (UK) 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.
- 10.16 Charles Stanley 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 31 July 2010, which are analysed below, are in the UK and are valued in sterling.

<b>Sector</b>	<b>per cent. by cost</b>	<b>per cent. by value</b>
General retailers	23.69	23.96
Support services	31.04	31.19
Food production and distribution	12.22	12.36
Technology, hardware and equipment	3.03	10.43
Pharmaceuticals	7.77	10.40
Media	7.84	7.91
Software and computer services	3.80	2.42
Business services	0.92	0.00
Construction	6.29	0.00
Personal goods	2.48	1.21
Consumer services	0.92	0.12

Type	per cent. by cost	per cent. by value
Unlisted ordinary shares	26.07	30.08
Unlisted loan stock and preference shares or loans	42.88	38.63
Cash/liquidity	31.05	31.29
Total	100	100

There has been no material change to the above analysis since 31 July 2010, the date to which the last unaudited financial statements for MIG 4 have been published.

### (C) FINANCIAL INFORMATION

MIG 4 has produced annual statutory accounts for the three financial years ended 31 January 2008, 2009 and 2010 and unaudited information in the half-yearly financial statements for the six month period ended 31 July 2010. The auditors, PKF (UK) LLP, Registered Auditor, of Farringdon Place, 20 Farringdon Road, London EC1M 2AP have reported on the annual statutory accounts without qualification and without statements under section 237(2) or (3) of CA 1985 or sections 495 to 497A of CA 2006 (as applicable).

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 and, 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.

Description	2008 Annual Report	2009 Annual Report	2010 Annual Report	2010 Half-Yearly Report
Balance Sheet	Page 38	Page 42	Page 50	Page 16
Income Statement (or equivalent)	Page 37	Page 41	Page 49	Pages 14 to 15
Statement showing all changes in equity (or equivalent note)	Page 38	Page 43	Page 51	Page 16
Cash Flow Statement	Page 39	Page 44	Page 52	Page 17
Accounting Policies and Notes	Pages 40 to 54	Pages 45 to 60	Pages 53 to 70	Pages 19 to 26
Auditor's Report	Pages 35 to 36	Pages 39 to 40	Pages 47 to 48	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>2008 Annual Report</b>	<b>2009 Annual Report</b>	<b>2010 Annual Report</b>	<b>2010 Half-Yearly Report</b>
Objective	Page 2	Inside front cover	Inside front cover	Inside front cover
Performance Summary	Pages 3 to 4	Pages 1 to 2	Pages 1 to 2	Pages 1 to 2
Results & Dividend	Page 21	Page 23	Pages 24 to 25	Pages 3 to 5
Investment Policy	N/A	Pages 11 to 12	Pages 9 to 10	Pages 7 to 8
Chairman's Statement	Pages 5 to 8	Page 3 to 7	Pages 3 to 8	Pages 3 to 5
Manager's Review	Pages 9 to 13	Pages 15 to 19	Pages 13 to 19	Pages 9 to 10
Portfolio Summary	Pages 14 to 15	Pages 13 to 14	Pages 11 to 12	Pages 11 to 13
Valuation Policy	Pages 40 to 41	Pages 45 to 46	Pages 53 to 54	Pages 19 to 20

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

	<b>Year ended 31 January 2008</b>	<b>Year ended 31 January 2009</b>	<b>Year ended 31 January 2010</b>	<b>Six month period ended 31 July 2010</b>
Investment income	£1,039,725	£1,099,562	£489,753	£321,660
Profit/loss on ordinary activities before taxation	£581,497	£(2,194,332)	£713,131	£1,322,897
Earnings per MIG 4 Share	3.04p	(10.79)p	3.56p	6.35p
Dividends per MIG 4 Share	2p	2p	3p	1p
Total assets	£24,246,406	£21,173,848	£21,477,891	£23,710,729
NAV per MIG 4 Share	117.41p	104.61p	106.34p	110.85p

As at 31 July 2010, the date to which the most recent unaudited half-yearly financial statements on MIG 4 were published, MIG 4 had unaudited net assets of £23,309,955. Updated financial information on MIG 4 to 31 October 2010 will be available in December 2010.

### **Effect of the Offer**

As at 31 July 2010, the date to which the most recent unaudited half-yearly financial statements on MIG 4 have been drawn up, MIG 4 had unaudited net assets of £23,309,955. MIG 4 is now seeking to raise up to £6.66 million through the Offer for which the associated expenses will be 5.5 per cent. of the gross proceeds. The impact of the Offer on MIG 4's earnings should be accretive to the extent, if any, that interest earned on the proceeds will exceed expenses. The assets of MIG 4 will be increased by the net proceeds of the Offer.

## **PART III – 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 CA 2006) on 28 September 2000.
- 1.4 The principal legislation under which I&G operates is the Companies Acts and regulations made thereunder.
- 1.5 I&G's registered office and principal place of business is at One Vine Street, London W1J 0AH. 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 FSA 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 FSA 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, as an entity listed on the main market of the London Stock Exchange, 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, on 28 September 2000, 5,000,000 redeemable non-voting shares 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 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 On 13 February 2002, I&G passed a resolution approving, subject to the sanction of the High Court, the cancellation of the share premium account (such cancellation being subsequently confirmed by the High Court on 1 May 2002 and registered at Companies House on 9 May 2002).

- 2.4 The authorised share capital of I&G was increased to £1,100,000 by the creation of 25,000,000 S ordinary shares of 1p each in the capital of I&G pursuant to a resolution passed on 9 October 2007.
- 2.5 On 9 October 2007, I&G passed a resolution approving, subject to the sanction of the High Court, the cancellation of the share premium account attributable to the S ordinary shares of 1p each in the capital of I&G (such cancellation being subsequently confirmed by the High Court on 16 September 2009 and registered at Companies House on 22 September 2009).
- 2.6 As at 30 September 2009, the date to which the last audited accounts have been prepared, the authorised share capital of I&G was £1,100,000 divided into 85,000,000 ordinary shares of 1p each and 25,000,000 S ordinary shares of 1p each (of which 34,824,397 ordinary shares of 1p each and 11,806,467 S ordinary shares of 1p each were in issue all fully paid up).
- 2.7 On 3 March 2010, I&G passed a special resolution amending the Articles of I&G pursuant to CA 2006 to remove the authorised share capital limitation. Consequently, I&G is no longer restricted by an authorised share capital.
- 2.8 I&G issued and bought back I&G Shares and S ordinary shares of 1p each as follows between 30 September 2009 and to 26 March 2010:

Date	Class of Share	Issue/Purchase	Number
21/12/2009	I&G ordinary	Purchase	203,770
28/01/2010	I&G ordinary	Purchase	132,508
26/02/2010	I&G ordinary	Purchase	33,659
18/03/2010	I&G ordinary	Issue	112,768
18/03/2010	S ordinary	Issue	6,674

- 2.9 On 26 March 2010, I&G completed a restructuring of its share capital whereby the ordinary shares of 1p each were merged with the S ordinary shares of 1p each by 26,195,571 of the issued ordinary shares of 1p each being redesignated as S ordinary shares of 1p each and the balance of the issued ordinary shares of 1p each being redesignated as deferred shares of 1p each, such deferred shares then being repurchased by I&G. The issued S ordinary shares of 1p each were then immediately redesignated as I&G Shares.
- 2.10 I&G has issued and bought back I&G Shares since 26 March 2010 as follows:

Date	Class of Share	Issue/Purchase	Number
31/03/2010	I&G ordinary	Purchase	78,742
01/06/2010	I&G ordinary	Purchase	70,950
03/06/2010	I&G ordinary	Purchase	99,682
09/06/2010	I&G ordinary	Purchase	157,819
24/06/2010	I&G ordinary	Purchase	147,884
21/07/2010	I&G ordinary	Purchase	103,388
04/08/2010	I&G ordinary	Purchase	92,641
27/08/2010	I&G ordinary	Purchase	60,692
13/09/2010	I&G ordinary	Purchase	183,445
30/09/2010	I&G ordinary	Purchase	42,578

- 2.11 At the date of this document, I&G had 36,970,891 I&G Shares in issue (all fully paid up).
- 2.12 The following authorities were provided by the passing of a special resolution of I&G at an extraordinary general meeting of I&G held on 26 March 2010 (as subsequently approved by separate meetings of the holders of separate classes of shares in I&G on 29 March 2010):
- (a) in substitution of existing authorities to the extent unused pursuant to section 551 of CA 2006 the I&G Directors were authorised pursuant to section 551 of CA 2006 to exercise all of the powers of I&G to allot relevant securities up to an aggregate nominal value of £380,000 during the period commencing on the passing of this resolution and expiring on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by I&G in a general meeting) 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 shares to be allotted or Rights to be granted after such expiry;
  - (b) in addition to existing authorities pursuant to section 570(1) of CA 2006 the I&G Directors were empowered pursuant to section 570(1) of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of CA 2006) for cash pursuant to the authority given in accordance with section 551 CA 2006 by paragraph (a) above, as if section 561(1) of CA 2006 did not apply to such allotment, provided that the power conferred shall expire at the conclusion of the annual general meeting to be held in 2011 and provided further that this power shall be limited to:
    - (i) the allotment of equity securities with an aggregate nominal value representing £300,000 in connection with offer(s) for subscription;
    - (ii) the allotment, otherwise than pursuant to paragraph (i) above, of equity securities with an aggregate nominal value of up to 10 per cent. of the issued I&G Share capital as at close of business on 29 March 2010 in connection with any dividend investment scheme operated by I&G; and
    - (iii) the allotment, otherwise than pursuant to paragraph (i) and (ii) above, of equity securities from time to time with an aggregate nominal value of up to 10 per cent. of the issued I&G Share capital as at close of business on 29 March 2010, where the proceeds may in whole or in part be used to purchase I&G Shares;
  - (c) in addition to existing authorities I&G was empowered to make market purchases (within the meaning of section 693(4) of CA 1985) of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
    - (i) the aggregate number of I&G Shares to be purchased shall not exceed 6,000,000;
    - (ii) the minimum price which may be paid for I&G Shares is 1p per share;
    - (iii) the maximum price which may be paid for I&G Shares shall be the higher of: (i) an amount equal to 5 per cent. above the average of the middle market quotation for I&G Shares taken from the daily official list of the London Stock Exchange for the five business days immediately preceding the day on which the purchase is made; and (ii) the amount stipulated by article 5(1) of the Buyback Regulations 2003;
    - (iv) the power and authority conferred shall expire at the conclusion of the annual general meeting to be held in 2011 unless renewed or revoked prior to such time; and
    - (v) I&G may make a contract to purchase I&G Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of its own shares pursuant to such contract.

- 2.13 There are no other shares or loan capital in I&G under option or agreed conditionally or unconditionally to be put under option nor does I&G hold shares in treasury.
- 2.14 Following the issue of I&G Shares pursuant to the Offer (assuming full subscription pursuant to the Offer and an Offer Price of 102.0p per I&G Share) the issued share capital of I&G is expected to be as follows:

	Issued	
	Number	£
I&G Shares	43,650,280	436,502.80

- 2.15 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.
- 2.16 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 2.12 above.
- 2.17 As at 11 November 2010 (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 FSA, a holding of 3 per cent. or more must be notified to the Company).

### 3. Directors' and other interests

- 3.1 As at 11 November 2010 (this being the latest practical 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	30,587	0.08
Helen Sinclair	10,605	0.03
Jonathan Cartwright	nil	nil

- 3.2 The I&G Directors intend to subscribe for Offer Shares under the Offer for the following aggregate amounts:

	£
Colin Hook	20,000
Helen Sinclair	15,000
Jonathan Cartwright	20,000

- 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 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 3 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 £41,000. The total annual remuneration receivable by Helen Sinclair and Jonathan Cartwright is £31,000 each. The office of non-executive director of I&G is not pensionable. Aggregate I&G Directors' emoluments in respect of qualifying services for the period ended 30 September 2009 amounted to £103,000 (plus applicable VAT). The I&G Directors estimate that the total amount payable to them by I&G for the year ending 30 September 2010 will be £107,814 (plus applicable VAT) (including the remuneration paid to Christopher Moore the former Director of MIG 4 who stepped down as a Director on 27 September 2010).
- 3.5 There are no potential conflicts of interest between the duties of any 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 2007, 2008 and 2009 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 5 years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 10 to 11.
- 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 5 years:

Jonathan Cartwright was a director of Caledonia EI Distribution Limited until December 2009. The company was placed in members voluntary liquidation in April 2010. Jonathan was also a director of the following companies which have all voluntarily been struck off the register of companies:

- Caledonia Industrial & Services Limited - dissolved in May 2008;
- Caledonia Settlement Limited - dissolved in December 2007;
- Shieldcliff Limited - dissolved in July 2007;
- Sea Lion Ventures Limited - dissolved in May 2007; and
- The Edinburgh Crystal Glass Company Limited - resigned in September 2006, company dissolved in February 2010.

- 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 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. Matrix has been appointed as investment manager 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 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, Matrix may retain for its own benefit and without liability to account to I&G, subject to full disclosure having been made to the 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 Matrix.
- 4.3 All unquoted investments will be 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. In the event of any suspension of listing, valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers.
- 4.4 PricewaterhouseCoopers LLP receives an annual fee of £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.
- 4.5 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 names; 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 names.
- 4.6 A maximum of 75 per cent. of I&G's management expenses will be charged against capital with the balance to be met from income.
- 4.7 All of the Directors of I&G 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, reappointment and removal of the external auditor;
  - monitoring the effectiveness of the Company's internal control systems; and
  - reviewing the scope and the results of the audit and ensuring its cost effectiveness.

4.9 All of the Directors of I&G are also members of the nomination and remuneration committee with Colin Hook acting as Chairman. The nomination and remuneration committee members (who have responsibility for reviewing the remuneration of the I&G Directors) will meet at least annually to consider the levels of remuneration of the 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 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.

4.10 I&G complies with the Combined Code save as follows:

- Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the Articles that all Directors retire by rotation at the annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Combined Code); and
- in light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Matrix, I&G has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Combined Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to I&G.

## 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 (2) (as varied by a deed of variation dated 12 November 2010) pursuant to which Matrix is appointed to provide advisory investment management services in respect of I&G's investments in VCT qualifying investments.

Matrix is entitled to an annual management fee of 2.4 per cent. of the net asset value per annum (0.4 per cent. of such fee being subject to a minimum of £130,000 and a maximum of £150,000 the remainder of such fee not being subject to any cap) of I&G, payable quarterly in arrears, together with any applicable VAT (the minimum and maximum payments in respect of the element of the fee equivalent to 0.4 per cent. of the net assets to be increased to £150,000 and £170,000 respectively provided that the Offer raises more than £3 million for I&G).

The above fees are subject to an annual expenses cap of over and above 3.25 per cent. of the net assets of I&G by way of a reduction of fees due to Matrix 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 Matrix.

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 Matrix ceases to be authorised by the Financial Services Authority or if there is a change in control of Matrix. The agreement contains provisions indemnifying Matrix against any liability not due to its default, gross negligence, fraud or breach of the 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 (3) as varied by a deed of

termination and variation between I&G (1) and Matrix (2) dated 29 March 2010 pursuant to which I&G granted to each of Matrix and Foresight Group LLP (the former joint investment manager of I&G), the right to receive performance incentive payments in connection with the management of the former I&G ordinary shares fund.

Matrix is entitled to receive an annual performance payment of 20 per cent. of any excess (over the investment growth hurdle detailed below) of realised Gains over realised Losses from its own portfolio during each relevant Calculation Period, provided that:

- at any Calculation Date, the Embedded Value is less than the value of portfolio assets managed by Matrix contained in the audited accounts adjusted for net realised Gains and Losses and total Surplus Income since 30 June 2007; and
- at any Calculation Date, such excess is calculated after carrying forward all realised Losses not previously offset in respect of any prior Calculation Period after 30 June 2007; and
- such excess is subject to an investment growth hurdle of 6 per cent. per annum calculated from 1 July 2007.

As new investments in the I&G ordinary shares fund are completed by Matrix, 70% thereof are added into the calculation of the Embedded Value at cost.

Such performance incentive payment due will be payable, in such form (in cash or in the form of a share issue subscribed at nominal value calculated as the number of I&G Shares represented by dividing the amount of the payment due by the NAV of an I&G Share as at the date of payment) as agreed between Matrix and I&G, annually by 31 January following the relevant Calculation Date.

The first Calculation Date was 30 September 2008 and is, thereafter, 30 September in each year. If a Calculation Period is longer or shorter than 12 months the investment growth hurdle will be pro rated accordingly.

“Calculation Period” means the relevant accounting period of I&G.

“Calculation Date” means the last day of the relevant accounting period of I&G.

“Embedded Value” means the value of the I&G portfolio managed by Matrix as at 30 June 2007 plus (i) the value as at 31 August 2007 of Nova Capital Management Limited’s investments which Matrix agreed to provide investment services for; (ii) at cost, any further investments made in respect of the I&G ordinary shares fund; (iii) any investments made in respect of the former I&G S share fund; and (iv) 70% of all new investments made by I&G since the merger of the I&G ordinary share and I&G S share funds.

“Gains” will mean the realised excess over an individual investment’s valuation comprised in Embedded Value, received in cash and/or pre-completion dividend strips and/or bank-guaranteed loan notes during the relevant Calculation Period.

“Losses” will mean the realised deficit below an individual investment’s valuation comprised in Embedded Value, received in cash and/or pre-completion dividend strips and/or bank-guaranteed loan notes during the relevant Calculation Period.

“Surplus Income” means the income received from investments less pro rata share of the annual expenses of I&G (including trail commission but excluding performance incentive payments) but after the deduction of any taxation liabilities thereon.

Foresight Group LLP (the former joint investment manager of I&G) has an identical performance incentive arrangement in respect for the portfolio within the former I&G ordinary shares fund (i.e. prior to the merger of the I&G ordinary share and I&G S share funds) it was previously responsible for managing which, following the termination of its appointment, reduces proportionally over the ten years following such termination.

- 5.3 An offer agreement dated 12 November 2010 between the Companies (1), the Directors (2) Matrix (3) and Charles Stanley (4) whereby Matrix has agreed to act as promoter in connection with the Offer and Charles Stanley have agreed to act as sponsor in connection with the Offer. The agreement contains warranties given by the Company and the Directors to Matrix and given by the Companies, the Directors and Matrix to Charles Stanley. The Companies will pay to Matrix a commission of 5.5 per cent. of the gross amount subscribed under the Offer out of which will be paid all costs, charges and expenses of or incidental to the Offer including the fees of Charles Stanley, save that the Companies shall, pursuant to the terms of the Offer pay annual trail commission.
- 5.4 A letter of engagement dated 20 May 2010 from Charles Stanley pursuant to which Charles Stanley have been appointed as sponsor to the Companies in connection with the Offer. The total fees payable are £20,000 plus VAT and disbursements to be split equally between the Companies. The Companies have agreed to indemnify Charles Stanley for any loss suffered in respect of its role as sponsor to the Offer. The Companies liability under this indemnity is unlimited. This engagement may be terminated at any time.

## **6. Investment objective and policy**

### ***Investment objective***

The investment objective of I&G is to provide private investors with an attractive return, by maximising a stream of 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 AIM or PLUS Markets.

### ***Investment policy***

I&G's investment policy is to invest primarily in a diverse 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 trade sales and flotations of investee companies.

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

I&G has a small legacy portfolio of investments in early stage and technology companies from its period prior to 30 September 2008, when it was a multi-managed VCT. These represented 14.2% of the value of the aggregate combined net assets of I&G at 30 September 2010. Uninvested funds are held in cash and lower risk Money Market Funds.

In order to maximise income returns, I&G's cash and liquid resources can be invested in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss in I&G's 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 to be classed as a VCT qualifying holding. The funds raised by I&G after 6 April 2006 (being the former S ordinary share fund) are subject to a £7 million gross assets test for an investment to be a VCT qualifying holding.

### ***VCT regulation***

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15 per cent. of its investments in a single company and must have at least 70 per cent. by value of its investments throughout the period in shares or securities comprised in VCT qualifying

holdings, of which a minimum overall of 30 per cent. by value (70 per cent. for funds raised from an effective date to be specified) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the Company can invest less than 30 per cent. (70 per cent. for funds raised from an effective date to be specified by statute) of an investment in a specific company in ordinary shares it must have at least 10 per cent. 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 Company initially holds its funds in a portfolio of readily realisable interest-bearing investments and deposits, maximising income return, whilst minimising the risk of a loss to capital. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70 per cent. 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. Initial investments in Qualifying Companies are generally made in amounts ranging from £200,000 to £1 million at cost. No holding in any one company will represent more than 10 per cent. of the value of the Company's investments at the time of investment. Ongoing monitoring of each investment is carried out by Matrix, generally through taking a seat on the board of each Qualifying Company.

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

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

- 6.1 I&G's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC.
- 6.2 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.
- 6.3 I&G is subject to the investment restrictions relating to a Venture Capital Trust in the Tax Act, as more particularly detailed in Part Eight 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 per cent., 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 per cent. by VCT Value of I&G's investments; and
  - (d) not more than 20 per cent. of I&G's gross assets will at any time be invested in the securities of property companies.

- 6.4 Matrix has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type in 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.
- 6.5 In the event of a breach of the investment restrictions which apply to I&G as described in paragraph 6.3 above, Shareholders will be informed by means of the half-yearly and/or the annual report or through a public announcement.
- 6.6 The I&G Directors act and will continue to act independently of Matrix. No majority of the I&G Directors will be directors or employees of, or former directors or employees of, or professional advisers to Matrix or any other company in the same group as Matrix.
- 6.7 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 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**

Save for the fees paid to Matrix, Matrix-Securities Limited and Foresight Group LLP under the arrangements set out at paragraphs 5.1 to 5.3 and the fees paid to the I&G Directors (including fees paid to former I&G Directors) as detailed in paragraph 3.4 above, fees paid to Matrix-Securities Limited in respect of promotion fees of £635,182 (2008) and fees paid to Matrix Corporate Capital LLP in respect of broker fees of £6,664 (2009) and approximately £11,750 (current year) (I&G has also bought I&G Shares for an aggregate consideration of £942,554 from Matrix Corporate Capital LLP under the buy-back policy in the year ended 30 September 2010), there were no related party transactions or fees paid during the years ended 30 September 2007, 2008 and 2009 or to date in the current financial year.

## **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 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 they pay 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 per cent. 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 Offer will not be, a close company within the meaning of the Tax Act. If I&G was a close company in any accounting period, approval as a venture capital trust would be withdrawn.

## **10. Miscellaneous**

- 10.1 Save for the movement in the unaudited NAV of 94.2p as at 31 March 2010 to 99.0p as at 30 September 2010, there has been no significant change in the financial or trading position of I&G since 31 March 2010, the date of the last unaudited half-yearly financial statements for I&G were published.
- 10.2 Matrix is the promoter of the Offer and, save as disclosed in paragraph 5.3 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 have been no important events so far as I&G and the I&G Directors are aware relating to the development of I&G or its business.
- 10.4 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.
- 10.5 Save as set out in the final risk factor on page 4, as at the date of this document, there are no governmental, economic, monetary, political or fiscal policies and factors which have or could affect I&G's operations.
- 10.6 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on I&G's prospects for at least the current financial year, so far as I&G and the I&G Directors are aware.
- 10.7 The issue costs payable by I&G under the Offer (including irrecoverable VAT and sales commissions) have been fixed by the Directors at 5.5 per cent. of total funds subscribed (but excluding annual trail commission) in respect of I&G Shares issued pursuant to the Offer. Matrix has agreed to indemnify I&G in respect of any excess over 5.5 per cent. of the gross proceeds of the issue of I&G Shares under the Offer. The net proceeds for I&G from the Offer, assuming full subscription, will therefore amount to approximately £6,300,000.
- 10.8 I&G has paid dividends amounting to 22.45p per I&G ordinary share and 0.5p per S ordinary share in the period from incorporation.
- 10.9 I&G's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 10.10 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.

- 10.11 I&G and its Shareholders are subject to the provisions of the Takeover Code and the Companies Acts, which require shares to be acquired/transferred in certain circumstances.
- 10.12 The typical investor for whom investment in I&G is designed is a retail investor who is an individual higher rate tax payer aged 18 or over and who is resident in the United Kingdom.
- 10.13 Shareholders in I&G will be informed, by means of the half-yearly and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to I&G as a VCT detailed in this document are breached.
- 10.14 Matrix is responsible for the determination and calculation of the I&G net asset value, which will be prepared quarterly for approval by the I&G Directors.
- 10.15 PKF (UK) LLP act as auditors to I&G. PKF (UK) 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.
- 10.16 Charles Stanley 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 30 September 2010, which are analysed below, are in the UK and are valued in sterling.

<b>Sector</b>	<b>per cent. by cost</b>	<b>per cent. by value</b>
Media	8.62	13.88
Software & computer services	14.06	17.62
Construction and building materials	8.90	3.55
Support services	21.93	20.37
Technology, hardware & equipment	18.11	5.21
General retailers	13.06	17.13
Consumer services	2.12	0.76
Personal goods	2.06	7.86
Food production and distribution	6.71	8.89
Pharmaceuticals	1.69	2.52
Industrial engineering	2.29	1.41
Healthcare equipment & services	0.45	0.80

<b>Type</b>	<b>per cent. by cost</b>	<b>per cent. by value</b>
Unlisted ordinary shares	39.20	37.73
Unlisted loan stock and preference shares or loans	38.45	38.40
Cash/liquidity	22.35	23.87
Total	100	100

There has been no material change to the above analysis since 30 September 2010, the date to which the last unaudited financial statements for I&G have been published.

## (C) FINANCIAL INFORMATION

I&G has produced annual statutory accounts for the three financial years ended 30 September 2007, 2008 and 2009 and unaudited information in the half-yearly financial statements for the six month period ended 31 March 2010. The auditors, PKF (UK) LLP, Registered Auditor, of Farringdon Place, 20 Farringdon Road, London EC1M 2AP have reported on the annual statutory accounts without qualification and without statements under section 237(2) or (3) of CA 1985 or sections 495 to 497 of CA 2006 (as applicable).

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 report for the six month period ended 31 March 2010, 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.

<b>Description</b>	<b>2007 Annual Report</b>	<b>2008 Annual Report</b>	<b>2009 Annual Report</b>	<b>2010 Half-Yearly Report</b>
Balance Sheet	Page 41	Page 49	Page 59	Page 13
Income Statement (or equivalent)	Page 40	Page 48	Page 58	Pages 11 to 12
Statement showing all changes in equity (or equivalent note)	Page 42	Page 50	Page 60	Page 14
Cash Flow Statement	Page 43	Page 51	Page 61	Page 15
Accounting Policies and Notes	Pages 44 to 56	Pages 52 to 71	Pages 62 to 82	Pages 17 to 23
Auditor's Report	Pages 38 to 39	Pages 46 to 47	Pages 56 to 57	n/a

Such information also includes operating/financial reviews as follows:

<b>Description</b>	<b>2007 Annual Report</b>	<b>2008 Annual Report</b>	<b>2009 Annual Report</b>	<b>2010 Half-Yearly Report</b>
Objective	Inside front cover	Inside front cover	Inside front cover	Inside front cover
Performance Summary	Page 1	Page 1	Page 1	Page 1
Results & Dividend	Page 22	Page 29	Pages 28 to 29	Pages 3 to 5
Investment Policy	N/A	Pages 11 to 12	Pages 10 to 11	Page 7
Chairman's Statement	Pages 2 to 5	Pages 4 to 9	Pages 4 to 9	Pages 3 to 4
Manager's Review	Pages 7 to 16	Pages 17 to 24	Pages 12 to 19	Page 10
Portfolio Summary	Pages 17 to 18	Pages 14 to 15	Pages 20 to 22	Pages 8 to 9
Valuation Policy	Page 44	Page 52	Pages 62 to 63	n/a

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 2007</b>	<b>Year ended 30 September 2008</b>	<b>Year ended 30 September 2009</b>	<b>Six month period ended 31 March 2010</b>
Investment income	£981,124	£1,454,724	£948,329	£263,467
Profit/loss on ordinary activities before taxation	£(3,047,580)	£(5,440,373)	£(3,233,631)	£762,657
Earnings per share	(7.85)p ordinary share	(15.06)p ordinary share	(8.73)p ordinary share	2.18p
	(n/a) S ordinary share	(0.04)p S ordinary share	(1.41)p S ordinary share	I&G Share
Dividends per I share	5.75p ordinary share	2.0p ordinary share	4p ordinary share	2.5p
	(n/a) S ordinary share	(nil) S ordinary share	(nil) S ordinary share	I&G Share
Total assets	£38,264,210	£41,384,876	£36,209,780	£36,108,379
NAV per share	100.52p ordinary share	83.56p ordinary share	71.45p ordinary share	94.20p
	(n/a) S ordinary share	94.59p S ordinary share	93.18p S ordinary share	I&G Share

The information in the above table for the years ended 30 September 2007, 2008 and 2009 is, as relevant, for the I&G ordinary shares of 1p each and S ordinary shares of 1p each before the merger of the I&G ordinary shares of 1p into the S ordinary shares of 1p and subsequent redesignation into I&G Shares.

As at 31 March 2010, the date to which the most recent unaudited half-yearly financial information on I&G has been drawn up, I&G had unaudited net assets of £35,730,150. As at 30 September 2010 I&G had unaudited net assets of £36,604,696.

### **Effect of the Offer**

As at 31 March 2010, the date to which the most recent unaudited half-yearly financial statements on I&G have been drawn up, I&G had net assets of £35.7 million. I&G is now seeking to raise up to £6.66 million through the Offer for which the associated expenses will be 5.5 per cent. of the gross proceeds. The impact of the Offer on I&G's earnings should be accretive to the extent, if any, that interest earned on the proceeds will exceed expenses. The assets of I&G will be increased by the net proceeds of the Offer.

## PART IV

### LARGEST INVESTMENTS OF THE COMPANIES

Set out below are the largest investments held by each Company (which includes each investment with a value of greater than 5 per cent. of their respective gross assets and which have an aggregate value of greater than 50 per cent. of their respective gross assets), as at the date of this document.

The Venture Capital Investments set out below represent the Companies' 15 largest investments (excluding acquisition companies and liquidity funds). These comprise 48.1 per cent. of the aggregate investment portfolios (including acquisition companies, cash and liquidity funds) of the Companies.

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

For MIG, the current cost is the original investment cost made by both MIG and Matrix Income & Growth 3 VCT plc, less capital repayments to 30 September 2010.

<b>DiGiCo Europe Limited – Original investment July 2007</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009 (£'000)</b>
Current cost	£963,102	£495,652	£325,594	Sales	12,922
Valuation	£3,554,179	£1,688,891	£1,201,553	EBITA	3,026
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	2,758
Equity/voting rights	12.7%	6.5%	4.3%	Retained profit/(loss)	3,327
Percentage of investment portfolio	9.5%	7.2%	3.3%	Net assets	5,660
Activity: Manufacture of digital sound mixing consoles. Location: Chessington, Surrey.					

<b>ATG Media Holdings Limited – Original investment October 2008</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>30 December 2009 (£'000)</b>
Current cost	£1,636,105	£1,000,000	£1,000,000	Sales	6,118
Valuation	£2,253,262	£1,225,512	£1,377,208	EBITA	873
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	223
Equity/voting rights	14.0%	8.5%	8.5%	Retained profit/(loss)	153
Percentage of investment portfolio	6.0%	5.2%	3.7%	Net assets	2,010
Activity: Publisher of the leading newspaper serving the UK antiques trade and online action platform operator. Location: London.					

<b>Monsal Holdings Limited – Original investment December 2007</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009* (£'000)</b>
Current cost	£1,173,974	£636,013	£426,164	Sales	6,743
Valuation	£2,119,510	£1,147,620	£768,505	EBITA	475
Valuation methodology	Recent investment price (for all Companies)			Profit/(Loss) before tax	223
Equity/voting rights	11.8%	6.4%	4.3%	Retained profit/(loss)	(476
Percentage of investment portfolio	5.7%	4.87%	2.1%	Net assets	1,397
Activity: Engineering services to the water and waste sectors. Location: Mansfield, Nottinghamshire. *figures are consolidated.					

<b>CB Imports Group Limited* – Original investment December 2009</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009* (£'000)</b>
Current cost	£2,000,000	£1,000,000	£1,000,000	Sales	19,755
Valuation	£2,398,914	£1,000,000	£1,199,310	EBITA	2,434
Valuation methodology	Earnings multiple	Cost**	Earnings multiple	Profit/(Loss) before tax	2,224
Equity/voting rights	12.01%	6.00%	6.00%	Retained profit/(loss)	5,004
Percentage of investment portfolio	6.4%	4.24%	3.3%	Net assets	8,358
<p>Activity: Importer and distributor of artificial flowers, floral sundries and home décor products.  Location: East Ardsley, West Yorkshire.</p> <p>*Figures relate to principal operating subsidiary acquired, being CB Imports Limited (financial information for the 14 month period ended 31 December 2009 for CB Imports Group Limited is as follows: Sales: £840,000, EBITA: £(350,000), Loss before tax: £366,000, Retained loss: £397,000 and Net assets: £4,591,000.</p> <p>**MIG 4's valuation methodology with change to an earning's multiple basis when MIG 4's next valuations are finalised.</p>					

<b>British International Holdings Limited – Original investment May 2006</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009 (£'000)</b>
Current cost	£2,068,182	£295,455	£590,909	Sales	16,050
Valuation	£2,787,334	£333,626	£796,381	EBITA	976
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	(390)
Equity/voting rights	17.5%	2.5%	5.0%	Retained profit/(loss)	1,688
Percentage of investment portfolio	7.4%	1.4%	2.2%	Net assets	2,970
<p>Activity: Helicopter service operator.  Location: Sherbourne, Dorset.</p>					

<b>Iglu.com Holidays Limited – Original investment December 2009</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 May 2010* (£'000)</b>
Current cost	£1,421,750	£878,249	£1,000,001	Sales	56,617**
Valuation	£2,295,395	£878,249	£1,616,116	EBITA	974
Valuation methodology	Earnings multiple	Cost***	Earnings multiple	Profit/(Loss) before tax	1,040
Equity/voting rights	11.6%	7.2%	8.1%	Retained profit/(loss)	2,849
Percentage of investment portfolio	6.1%	3.73%	4.4%	Net assets	5,151
<p>Activity: Online ski and cruise travel agent.  Location: Wimbledon, London.</p> <p>* figures relate to principal operating subsidiary acquired, being IGLU.com Limited (financial information for the five month period to 31 May 2010 for IGLU.com Holidays Limited is as follows: Sales: £27,731,000**, EBITA: £701,000, Profit/loss before tax: £510,000, Retained profit/loss: £242,000 and Net assets: £5,525,000).</p> <p>**underlying retail value of sales.</p> <p>***MIG 4's valuation methodology with change to an earning's multiple basis when MIG 4's next valuations are finalised.</p>					

<b>Focus Pharma Holdings Limited – Original investment October 2007</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009 (£'000)</b>
Current cost	£1,250,411	£772,451	£516,900	Sales	16,997
Valuation	£1,711,649	£1,033,227	£707,569	EBITA	1,151
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	207
Equity/voting rights	4.9%	3.1%	2.1%	Retained profit/(loss)	(45)
Percentage of investment portfolio	4.6%	4.4%	1.9%	Net assets	2,917
<p>Activity: Licensing and distribution of generic pharmaceuticals.  Location: Burton upon Trent, Staffordshire.</p>					

<b>VSI Limited – Original investment April 2006</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009 (£'000)</b>
Current cost	£533,888	£111,928	£245,596	Sales	4,399
Valuation	£1,691,907	£335,948	£777,937	EBITA	560
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	(35)
Equity/voting rights	20.1%	4.2%	9.2%	Retained profit/(loss)	325
Percentage of investment portfolio	4.5%	1.4%	2.1%	Net assets	976
Activity: Software for CAD and CAM vendors. Location: Sheffield.					

<b>Westway Services Holdings (2010) Limited – Original investment June 2009</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>28 February 2010 (£'000)</b>
Current cost	£456,280	£327,616	422,122	Sales	17,369
Valuation	£956,139	£660,501	£884,557	EBITA	2,793
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	2,797
Equity/voting rights	5.1%	3.2%	4.7%	Retained profit/(loss)	4,400
Percentage of investment portfolio	2.6%	2.8%	2.4%	Net assets	4,401
Activity: Installation, service and maintenance of air conditioning systems. Location: Greenford, Middlesex.					

<b>Camwood Limited – Original investment September 2003</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 March 2009 (£'000)</b>
Current cost	£456,280	£327,616	422,122	Sales	17,369
Valuation	£0	£0	£2,182,692	EBITA	22
Valuation methodology	–	–	Earnings multiple	Profit/(Loss) before tax	(55)
Equity/voting rights	0%	0%	31.6%	Retained profit/(loss)	(704)
Percentage of investment portfolio	0%	0%	5.9%	Net assets	(281)
Activity: Provider of software repackaging services. Location: London.					

<b>Amaldis (2008) Limited – Original investment August 2009</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>28 February 2010 (£'000)</b>
Current cost	£0	£0	£80,313	Sales	24,164
Valuation	£0	£0	£1,965,586	EBITA	3,118
Valuation methodology	–	–	Earnings multiple	Profit/(Loss) before tax	299
Equity/voting rights	0%	0%	9.20%	Retained profit/(loss)	(439)
Percentage of investment portfolio	0%	0%	5.3%	Net assets	1,086
Activity: Manufacturer and distributor of beauty products. Location: Hayes, Middlesex.					

<b>Youngman Group Limited – Original investment October 2006</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>30 June 2009 (£'000)</b>
Current cost	£1,000,052	£500,026	£1,000,052	Sales	26,251
Valuation	£700,992	£349,983	£700,992	EBITA	188
Valuation methodology	Fair value supported by review of loan stock security (for all Companies)			Profit/(Loss) before tax	(1,238)
Equity/voting rights	8.49%	4.24%	8.49%	Retained profit/(loss)	3,895
Percentage of investment portfolio	1.9%	1.5%	1.9%	Net assets	4,675
Activity: Manufacturer of ladders and access towers. Location: Maldon, Essex.					

<b>Vectair Holdings Limited – Original investment January 2006</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 October 2009 (£'000)</b>
Current cost	£560,302	£100,000	£215,914	Sales	8,552
Valuation	£951,273	£168,738	£366,575	EBITA	531
Valuation methodology	Earnings Multiple (for all Companies)			Profit/(Loss) before tax	351
Equity/voting rights	12.0%	2.1%	4.6%	Retained profit/(loss)	1,047
Percentage of investment portfolio	2.5%	0.7%	1%	Net assets	2,840
Activity: Design and sale of washroom products. Location: Basingstoke, Hampshire.					

<b>Image Source Group Limited – Original investment June 2003</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 December 2009 (£'000)</b>
Current cost	£0	£0	£305,000	Sales	7,144
Valuation	£0	£0	£1,399,114	EBITA	406
Valuation methodology	–	–	Earnings multiple	Profit/(Loss) before tax	235
Equity/voting rights	0%	0%	39.6%	Retained profit/(loss)	2,201
Percentage of investment portfolio	0%	0%	3.8%	Net assets	2,601
Activity: Royalty-free picture library. Location: London.					

<b>Racoon International Holdings Limited – Original investment December 2006</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 March 2010 (£'000)</b>
Current cost	£1,663,816	£406,805	£550,852	Sales	3,555
Valuation	£735,973	£195,903	£243,664	EBITA	410
Valuation methodology	Earnings multiple (for all Companies)			Profit/(Loss) before tax	(321)
Equity/voting rights	23.3%	5.7%	7.7%	Retained profit/(loss)	(2,076)
Percentage of investment portfolio	2.0%	0.8%	0.7%	Net assets	(785)
Activity: Marketing and sale of hair extensions and related products Location: Southam, Warwickshire.					

The following acquisition company represents more than 5 per cent. of MIG's investment portfolio.

<b>Aust Recruitment Group Limited</b>					
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>	<b>Year ended</b>	<b>31 July 2009 (£'000)</b>
Current cost	£2,000,000	£0	£1,000,000	Sales	–
Valuation	£2,000,000	£0	£1,000,000	EBITA	(8)
Valuation methodology	Cost	–	Cost	Profit/(Loss) before tax	(219)*
Equity/voting rights	32.67%	0%	16.33%	Retained profit/(loss)	(293)*
Percentage of investment portfolio	5.3%	0%	2.7%	Net assets	908*
<p>Activity: Aust Construction Investors Limited changed its name to Aust Recruitment Group Limited and acquired RDL Corporation Limited, a recruitment provider within the pharmaceuticals, business intelligence and IT sectors, on 28 October 2010.</p> <p>Location: Bristol, Avon.</p> <p><i>*Profit before tax was reduced by £226,000 and Retained profits and Net assets were reduced by £289,000, by an accrual for future loan redemption premium, which has subsequently been cancelled.</i></p>					

In addition, the following liquidity funds also represent more than 5 per cent. of at least one of the VCTs:

<b>Fidelity International Cash Fund plc</b> (managed by FIL Fund Management (Ireland) Limited)			
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>
Amount invested	£2,164,689	£792,637	£4,182,636
Valuation	£2,164,689	£792,637	£4,182,636
Valuation methodology	Market valuation (for all Companies)		
Equity/voting rights:	n/a (for all Companies)		
Percentage of investment portfolio	5.8%	3.36%	11.3%

<b>Institutional Cash Series plc</b> (managed by Blackrock Asset Management Ireland Limited)			
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>
Amount invested	£1,038,946	£1,907,689	£966,062
Valuation	£1,038,946	£1,907,689	£966,062
Valuation methodology	Market valuation (for all Companies)		
Equity/voting rights:	n/a (for all Companies)		
Percentage of investment portfolio	2.8%	8.10%	2.6%

<b>Global Treasury Funds plc</b> (managed by RBS Asset Management (Dublin) Limited)			
	<b>MIG</b>	<b>MIG 4</b>	<b>I&amp;G</b>
Amount invested	£1,292,418	£2,406,296	£1,080,206
Valuation	£1,292,418	£2,406,296	£1,080,206
Valuation methodology	Market valuation (for all Companies)		
Equity/voting rights:	n/a (for all Companies)		
Percentage of investment portfolio	3.5%	10.21%	2.9%

**Note:**

Investment and portfolio information in this Part IV has been extracted from the Companies' accounting records (taken from the unaudited half-yearly financial statements to 31 July 2010 in respect of MIG 4, the unaudited management accounts to 30 September 2010 in respect of MIG and unaudited year end financial statements to 30 September 2010 in respect of I&G). In respect of the information on investee companies' sales, profits and losses and net assets in this Part IV, these have been taken from the latest financial year end accounts published by those investee companies as referred to in this Part Seven ("Third Party Information"). As at the date of this document, there has been no material change in the valuations set out in this Part IV since 31 July 2010 in respect of MIG 4 and 30 September 2010 in respect of MIG and I&G. The Third Party Information has been accurately reproduced and that, as far as the Companies are aware and are able to ascertain from information provided, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**PART V**  
**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 Martineau, 35 New Bridge Street, London EC4V 6BW whilst the Offer is open:

- the Memorandums and Articles of each of the Companies;
- the material contracts referred to in paragraphs 5 of Parts I, II and III of the Registration Document;
- the audited financial statements for MIG for the years ended 31 December 2007, 2008 and 2009;
- the unaudited financial statements for MIG for the six month period ended 30 June 2010;
- the audited financial statements for MIG 4 for the years ended 31 January 2008, 2009 and 2010;
- the unaudited financial statements for MIG 4 for the six month period ended 31 July 2010;
- the audited statements for I&G for the years ended 30 September 2007, 2008 and 2009;
- the unaudited financial statements for I&G the six month period ended 31 March 2010;
- this Registration Document;
- the Securities Note; and
- the Summary.