

# MOBEUS VCT UPDATE

## JULY 2013

MOBEUS INCOME & GROWTH VCT PLC MIG

MOBEUS INCOME & GROWTH 2 VCT PLC MIG 2

MOBEUS INCOME & GROWTH 4 VCT PLC MIG 4

THE INCOME & GROWTH VCT PLC I&G



### Welcome to the Mobeus VCT Update for July 2013

This has been another busy six month period for the Manager. The Mobeus VCT linked fundraising exceeded its original target and closed on 30 April 2013, having raised a total of £24.8 million across the three VCTs which participated in the Offer (MIG, MIG4 and I&G). This was a very pleasing result and means that the VCTs now have more funds available to pursue their strategies of investing in new MBO deals.

Shareholders were also offered an Enhanced Buyback Facility (EBF) in January by each of MIG, MIG4 and I&G. On average, across the three VCTs, 19.0% of the issued share capital on the date on which the EBF was launched was tendered by shareholders under the scheme.

The Manager will be holding its annual shareholder workshop on **Tuesday, 21 January 2014** at the Royal College of Surgeons in London. The workshop will

follow the successful format established in previous years. It will include information on our strategy, the performance of the portfolio and a presentation from one or more of our investee companies. There will be a daytime programme commencing at 11am and an evening programme commencing at 6pm. Invitations will be posted to shareholders nearer the time, but please **save the date** if you may be interested in attending.

### TEN LARGEST INVESTMENTS

Across the combined asset base of approximately £170 million, the VCTs' ten largest investments account for £70.3 million (41.4% of the asset base) and are shown in the table below.

Company	Business	Total (£m)	
		Cost	Valuation
ATG Media	Publisher and online auction platform operator	8.5	15.3
Fullfield (Motorclean)	Vehicle cleaning and valet services	8.4	9.9
EMaC	Provider of service plans to the motor trade	6.0	7.7
DiGiCo Global	Audio mixing desks	5.8	7.0
Gro-Group	Baby sleep products	6.7	6.7
Tessella	Consultancy	5.4	5.4
CB Imports (Country Baskets)	Artificial flowers and floral sundries	4.0	4.8
EOTH (Equip)	Branded outdoor equipment and clothing	4.4	4.6
Blaze Signs	Signs and sign maintenance	2.3	4.5
Focus Pharma	Generic pharmaceuticals	2.6	4.4
<b>Total for ten largest investments</b>		<b>54.1</b>	<b>70.3</b>
Other investments		53.7	38.7
<b>Portfolio total</b>		<b>107.8</b>	<b>109.0</b>

The above data has been extracted from each VCT's latest announced financial information, but then adjusted for subsequent additions and disposals.

### INVESTMENT AND PORTFOLIO NEWS

The VCTs have completed three investments in the period. A new investment has been made to support the MBO of Gro-Group, creators of the original, and now internationally renowned, Grobag which has become the number one baby sleep bag brand in the UK and Australia. The company's turnover has grown to £12 million since inception in 2000.

Your VCTs have also funded strategic acquisitions by two existing portfolio companies that offer good potential for further growth. ATG Media has acquired Bidspotter Inc in the US, which provides live bidding and auction software. Fullfield has acquired a competitor, Forward Valeting Services, to create the UK's largest provider of car valeting services.

The £14.8 million of new investment is summarised below:

Company	VCT	Business	Month	Amount (£m)
Fullfield (Motorclean)	All	Vehicle cleaning and valet services	February	3.6
Gro-Group	All	Baby sleep products	March	6.7
ATG Media	All	Publisher and online auction platform operator	April	4.5
<b>Total</b>				<b>14.8</b>

A steady flow of realisations has continued. The most significant in the period was from Newquay Helicopters (2013) (formerly British International), arising from selling a major part of its business and then repaying its loan stock plus premiums. Two AiM investments in I&G, ANT and Tikit, have been sold as a result of takeovers.

A total of £11.5 million cash proceeds was realised across the VCTs in the six month period, as shown in the table below.

Company	VCT	Month	Amount (£m)	Realisation
ANT	I&G	February	0.8	Full sale
Tikit	I&G	February	0.3	Full sale
Image Source	I&G	February/March	2.2	Full sale
Faversham House	All	March	0.7	Partial sale
DiGiCo Global	All	April	0.4	Loan repayment
Newquay Helicopters	All	May	6.0	Loan repayment
Other	All		1.1	Loan repayments
<b>Total</b>			<b>11.5</b>	

## MANAGER'S COMMENTARY

The wider economy in the UK continues to present challenges and there is widespread debate around the fortunes of the UK SME sector and its financing. However, our experience is that this environment is presenting real opportunities for superior, well-financed SMEs to make good progress and gain competitive advantage over less advantaged rivals in their niche markets. The pleasing performance of the VCTs in recent

years reflects healthy trading by, and successful exits from, a number of investee companies. In the period, several companies have delivered good results including Blaze Signs, EMaC and DiGiCo.

Dealflow is also showing a positive trend. MBO teams are increasingly turning to VCTs as a source of deliverable, long-term finance as an alternative to bank funding. This is increasing

the volume and quality of potential investments that we are considering. We are working on a number of opportunities which we hope to complete over the coming months.

The Mobeus website [www.mobeusvcts.co.uk](http://www.mobeusvcts.co.uk), provides comprehensive information on the portfolios and performance of the VCTs as well as details of who to contact if you have a query.

## SHAREHOLDER RETURN PERFORMANCE DATA

The table below shows, for each VCT, total shareholder returns on both a net asset value (NAV) and bid price basis, as at the end of the last three financial years and at the latest date reported. For each VCT, the data is for the first fundraising for which Mobeus was the sole Manager, and able to apply its investment strategy (see note 1 below). Subsequent mergers of a VCT's share classes mean that the data for MIG 2 and I&G also reflects any impact from the performance of portfolios of former Managers and/or former share classes. The trend of returns and dividends is shown below:

<b>Mobeus Income &amp; Growth VCT plc</b>	as at:	31/12/2010	31/12/2011	31/12/2012	31/03/2013 <sup>4</sup>	Original subscription price p	Annual % return including initial income tax relief <sup>5</sup>
Net assets at 31 March 2013 : £48.9 million		p	p	p	p		
Dividends paid in respect of the financial year		5.0	6.8	7.0	-		
Cumulative dividends paid per share since 2004		26.3	33.1	40.1	<b>40.1</b>		
Net asset value (NAV) per share at period end		91.7	89.3	92.2	<b>94.8</b>		
<b>Total shareholder return - NAV basis<sup>2</sup></b>		<b>118.0</b>	<b>122.4</b>	<b>132.3</b>	<b>134.9</b>	<b>100.0</b>	<b>11.5%</b>
Bid share price at period end		82.0	78.5	79.0	<b>84.0</b>		(from 08/10/04)
<b>Total shareholder return - bid price basis<sup>3</sup></b>		<b>108.3</b>	<b>111.6</b>	<b>119.1</b>	<b>124.1</b>		

<b>Mobeus Income &amp; Growth 2 VCT plc</b>	as at:	30/04/2010	30/04/2011	30/04/2012	31/01/2013 <sup>4</sup>	Original subscription price p	Annual % return including initial income tax relief <sup>5</sup>
Net assets at 31 January 2013 : £25.5 million		p	p	p	p		
Dividends paid in respect of the financial year		1.0	4.0	4.0	<b>4.0</b>		
Cumulative dividends paid per share since 2005		6.0	10.0	14.0	<b>18.0</b>		
Net asset value (NAV) per share at period end		87.5	96.2	98.7	<b>99.8</b>		
<b>Total shareholder return - NAV basis<sup>2</sup></b>		<b>93.5</b>	<b>106.2</b>	<b>112.7</b>	<b>117.8</b>	<b>100.0</b>	<b>10.5%</b>
Bid share price at period end		57.5	61.0	67.0	<b>69.0</b>		(from 16/12/05)
<b>Total shareholder return - bid price basis<sup>3</sup></b>		<b>63.5</b>	<b>71.0</b>	<b>81.0</b>	<b>87.0</b>		

<b>Mobeus Income &amp; Growth 4 VCT plc</b>	as at:	31/01/2011	31/01/2012	31/12/2012	31/03/2013 <sup>4</sup>	Original subscription price p	Annual % return including initial income tax relief <sup>5</sup>
Net assets at 31 March 2013 : £38.8 million		p	p	p	p		
Dividends paid in respect of the financial year		4.0	5.0	5.5	-		
Cumulative dividends paid per share since 2007		11.0	16.0	21.5	<b>21.5</b>		
Net asset value (NAV) per share at period end		109.9	111.7	111.8	<b>114.5</b>		
<b>Total shareholder return - NAV basis<sup>2</sup></b>		<b>120.9</b>	<b>127.7</b>	<b>133.3</b>	<b>136.0</b>	<b>120.9</b>	<b>8.7%</b>
Bid share price at period end		103.0	100.0	101.5	<b>101.8</b>		(from 04/05/07)
<b>Total shareholder return - bid price basis<sup>3</sup></b>		<b>114.0</b>	<b>116.0</b>	<b>123.0</b>	<b>123.3</b>		

<b>The Income &amp; Growth VCT plc</b>	as at:	30/09/2010	30/09/2011	30/09/2012	31/03/2013 <sup>4</sup>	Original subscription price p	Annual % return including initial income tax relief <sup>5</sup>
Net assets at 31 March 2013 : £56.7 million		p	p	p	p		
Dividends paid in respect of the financial year		4.0	4.0	26.0	<b>6.0</b>		
Cumulative dividends paid per share since 2008		4.5	8.5	34.5	<b>40.5</b>		
Net asset value (NAV) per share at period end		95.0	116.8	103.6	<b>107.0</b>		
<b>Total shareholder return - NAV basis<sup>2</sup></b>		<b>99.5</b>	<b>125.3</b>	<b>138.1</b>	<b>147.5</b>	<b>100.0</b>	<b>16.2%</b>
Bid share price at period end		85.0	91.0	95.0	<b>97.0</b>		(from 01/01/08)
<b>Total shareholder return - bid price basis<sup>3</sup></b>		<b>89.5</b>	<b>99.5</b>	<b>129.5</b>	<b>137.5</b>		

<sup>1</sup> MIG VCT from inception. MIG 2 from date of investment strategy change. MIG 4 from date Mobeus became sole Manager. I&G from date Mobeus became sole Manager.

<sup>2</sup> Total shareholder return - NAV basis: NAV plus cumulative dividends paid to date.

<sup>3</sup> Total shareholder return - bid price basis: Bid price plus cumulative dividends paid to date.

<sup>4</sup> Where dividends have been paid since the latest data date shown above, the net asset value and dividend data have been adjusted.

<sup>5</sup> The Annual % returns to investors on an NAV basis from each fundraising include the benefit of initial

income tax relief. The income tax relief was 40% between 6 April 2004 and 5 April 2006, and 30% thereafter.

<sup>6</sup> Data for every allotment for every fundraising by each VCT is shown in an appendix to that VCT's half-year and annual report.

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