

Letter from the Chairmen of the Mobeus VCTs

10 September 2021

Dear Shareholder

Proposed change in management arrangements

We are writing to let you know that Mobeus Equity Partners LLP (**Mobeus**), the investment adviser to Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc (the **Mobeus VCTs**), has today announced the sale of its VCT fund and investment management business to a subsidiary of Gresham House plc (**Gresham House**). As part of the sale, the Boards of the Mobeus VCTs (**Boards**) have agreed to the novation of the investment advisory arrangements from Mobeus to Gresham House subject to completion of the sale.

Gresham House and the enlarged VCT team

Gresham House is a specialist alternative asset manager listed on the London Stock Exchange with £4.7 billion in assets under management (at 30 June 2021). Gresham House is a fast growing, specialist fund group, with a long-term commitment to the VCT industry and is the existing investment manager of the Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc (the **Baronsmead VCTs**).

Mobeus and Baronsmead are two of the leading names in the VCT industry. The transaction combines two investment and operations teams with market-leading track records, each with more than 20 years' heritage and experience, creating a significant platform in the VCT market across over £850 million of shareholders' funds. Each of the Mobeus VCTs' and the Baronsmead VCTs' brands will retain their individual investment strategies to offer investors the choice of two high-quality offerings. The Mobeus VCTs will remain focused on unquoted investments, whilst the Baronsmead VCTs will continue to invest in both unquoted and public companies traded on AIM.

The entire core management, investment and operational teams involved with the Mobeus VCTs will all transfer to Gresham House in connection with this transaction to form a significant enlarged team that will manage both the Mobeus VCTs and the Baronsmead VCTs. A wide-ranging multi-year agreement has been put in place between Mobeus and Gresham House to enable a smooth transition and continuity of management of the VCTs (including continuing to use the 'Mobeus' name for a period).

The Boards are pleased that Trevor Hope and Clive Austin, the two leading partners involved with managing the Mobeus VCTs' investment portfolios, are joining Bevan Duncan and Ken Wotton, who lead the investment management of the Baronsmead VCTs, in becoming the senior management team of the Strategic Equity division within Gresham House. Trevor and Clive will remain responsible for the investment, portfolio and fund management of the Mobeus VCTs, alongside their investment and operations teams. They will be supported in the transition by Mobeus founder partners Mark Wignall and Rob Brittain who will act as consultants to Gresham House.

The Boards' considerations

After careful consideration and due diligence, the Boards believe that consenting to the novation of the investment advisory arrangements is in the interests of the Mobeus VCTs' shareholders. The Boards expect the creation of the enlarged VCT team to be well received by the market as creating an exciting and potent commercial force that should lead to enhanced prospects for Shareholders. In the context of a VCT sector that is evolving, this view is predicated on:

- **Scale Advantage** – The integration of the Mobeus and Baronsmead VCT teams within Gresham House creates one of the largest VCT teams in the sector with the coverage, experience, contacts and know how to access more and higher quality investment opportunities. The greater breadth and depth of resource in portfolio and talent management should also be valuable in assisting the Mobeus VCTs' existing portfolio companies to grow successfully.

- **Continuity** – Trevor Hope and Clive Austin will continue to lead the VCT team and will be supported in the transition by Mark Wignall and Rob Brittain. This management group is well known and has been highly regarded by shareholders for a considerable period. The Boards are confident that the team will continue to build the Mobeus VCTs’ portfolios and enhance their value. Gresham House’s investment philosophy is similar to that developed over many years by Mobeus, and the procedure for undertaking due diligence and approving new investments will be substantially the same as before.
- **Portfolio Diversification** – The access to a much larger asset base and investment opportunities should enable the combined VCT investment team to build more diversified VCT portfolios across a broader range of sizes and stages of investment. The Boards believe that this combined VCT investment team will be a major force in the supply of capital to the VCT sector and it is anticipated that the team’s enhanced market position should attract strong deal flow.
- **Investment in Capability** – The Mobeus VCT investment team has delivered outstanding performance over many years, but it has become clear that the changing demands of the market mean that the requirement for additional investment in people, technology and processes could become constrained within the framework of the existing Mobeus partnership structure.

The Boards can confirm that no material changes are being made to the terms of the investment advisory arrangements. Shareholders can also be assured that the Boards’ track record of governance and independence will be maintained.

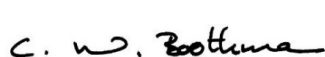
Timetable and conclusions

The Boards consider that the change in management and advisory arrangements is in the interests of Shareholders and look forward to working with Gresham House to achieve a continued strong investment performance for the Mobeus VCTs’ shareholders.

The sale, and consequently the novation of the Mobeus VCTs’ investment advisory arrangements, will take effect on or around 1 October 2021 following satisfaction of a number of technical conditions and completion by Gresham House of a placing to fund the acquisition.

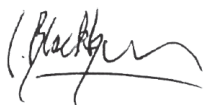
The Boards are also aware that there is strong demand to subscribe for new shares in the Mobeus VCTs. As such, the Boards will, following completion of the novation of their investment advisory arrangements to Gresham House, be considering raising new additional funds and launching offers for subscription in the 2021/2022 tax year. Further announcements will be made in due course.

Yours faithfully



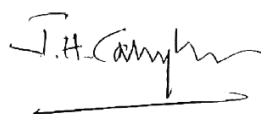
Clive Boothman
Chairman

Mobeus Income & Growth
VCT plc



Ian Blackburn
Chairman

Mobeus Income & Growth 2
VCT plc



Jonathan Cartwright
Chairman

Mobeus Income & Growth 4
VCT plc



Maurice Helfgott
Chairman

The Income & Growth
VCT plc