

MATRIX INCOME & **4**  
GROWTH 4 VCT PLC  
A VENTURE CAPITAL TRUST

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Dividend Investment Scheme

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# Dividend Investment Scheme

## Key Features and Questions

The Dividend Investment Scheme ("the Scheme") is a convenient, easy and cost effective way to build your shareholding in the Company. Instead of receiving cash dividends you can elect to receive new ordinary shares in the Company. The Scheme is available exclusively to the Company's Shareholders.

Shareholders wishing to participate in the Scheme and whose shares are held in certificated form, i.e. not in CREST, should complete and sign a Mandate Form and return it no later than 15 days prior to the dividend payment date to New Issues Department, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Personalised Mandate Forms can be obtained from Capita Registrars at the address above or by telephoning: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8.30 am – 5.30 pm Mon – Fri. If calling from overseas please ring +44 208 639 3399).

Shareholders wishing to participate in the Scheme and whose shares are held in uncertificated form, i.e. in CREST should follow the CREST procedure as set out in paragraph 12 of the Terms & Conditions of the Scheme on pages 5-6 of this document.

The key features set out below are a summary only of the Scheme and should be read in conjunction with the full terms and conditions of the scheme attached.

## What are the key features?

Instead of receiving cash dividends you receive new ordinary shares in the Company. Your new shares will be allotted as soon as practicable on or after the dividend payment date ("Payment Date") at a price equal to the greater of 70% of the latest published net asset value and the average of the mid market price of ordinary shares for the preceding five days.

A statement will be sent with each share certificate and tax voucher for new shares showing full information as to new shares issued including:

- the number and class of shares allotted;
- the price at which the shares have been allotted; and
- any cash balance for the relevant class of shares to be carried forward to the next dividend Payment Date.

The Scheme is operated by Capita Registrars ("Scheme Administrator").

A shareholder's membership of the Scheme will continue until such a time as that shareholder cancels their membership. Participation in the Scheme can be cancelled at any time subject to the cancellation request being received by the Scheme Administrator at least 15 days before the next Payment Date.

Participation in the Scheme shall be automatically cancelled if you cease to hold shares in the Company.

The Company retains the right to suspend or terminate the Scheme at any time.

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## Election deadlines

To give enough time for processing the Scheme Administrator must receive an application, whether in the form of a completed mandate form or a Dividend Election Input Message through CREST, at least 15 days before the Payment Date.

## What happens to cash balances?

Fractions of shares will not be allotted. Any cash balances remaining after a purchase of shares will be held by the Company and carried forward and added to the next dividend to be paid in respect of that class of share.

Cash balances in excess of £5 held by the Company will be returned on termination of participation in the Scheme.

## VCT tax reliefs

Shares issued pursuant to the Scheme will be new ordinary shares issued by the Company and will, subject to an individual shareholder's particular circumstances, attract VCT tax reliefs applicable for the tax year in which the new ordinary shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2010/11 tax year for investments up to £200,000 in any one tax year.

## Overseas shareholders

Shareholders outside the UK are not permitted to join the Scheme.

**Information provided above should not be taken as a recommendation by the Company or the Scheme Administrator to buy or hold shares in the Company. It is your decision whether or not to take part. If you have any doubts you should seek advice from your independent financial advisor. The value of shares in the Company can go down as well as up and you may not get back the full amount of your investment.**

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# Dividend Investment Scheme

## Terms and Conditions

1. The Scheme is subject to approval by Shareholders at the Annual General Meeting of the Company to be held on 27 May 2010. Elections to participate in the Scheme should be addressed to the Scheme administrator, Capita Registrars ("Scheme Administrator") in accordance with condition 12 and will only be effective for dividends to be paid 15 days following receipt of the election by the Scheme Administrator.
2.
  - (a) Matrix Income & Growth 4 VCT plc ("the Company"), acting through the Scheme Administrator, shall have absolute discretion to accept or reject elections. An applicant shall become a member of the Scheme upon acceptance of his or her election by the Scheme Administrator on the Company's behalf ("Participants"). The Scheme Administrator will provide written notification if an election is rejected. Only registered Shareholders may join the Scheme.
  - (b) The Company shall apply dividends to be paid to Participants on ordinary shares of 1p each (Ordinary Shares) in the Company in respect of which an election has been made in the allotment of further Ordinary Shares. The Scheme Administrator shall not have the discretion, and Participants may not instruct the Scheme Administrator, to apply those dividends ("funds") towards any investments other than investment in Ordinary Shares as set out in this condition 2(b).
  - (c) Participants may only participate in the Scheme if all shares registered in their name are mandated to the Scheme unless condition 2(e) applies.
  - (d) By joining the Scheme, Participants instruct the Scheme Administrator that the mandate will apply to the full number of shares held by them in respect of which the election is made, as entered onto the share register of the Company from time to time.
  - (e) Shareholders who hold their shares as nominees may make partial elections as long as all shares held in respect of a beneficial holder from time to time are mandated to the Scheme. Nominee Participants who make partial elections of holdings will be required to make such an election in respect of each dividend payment.
  - (f) In relation to new shares to be allotted in relation to a dividend such shares will only be allotted to the registered shareholder and not any beneficial holder. Nominee Participants shall not be entitled to instruct the Scheme Administrator to allot shares to a beneficial holder (and Participants are advised to read condition 16 in respect of the consequences for VCT tax reliefs).
3.
  - (a) On or as soon as practicable after a day on which a dividend on the shares is due to be paid to a Participant or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter ("Payment Date"), the Participant's funds held by the Company shall, subject to conditions 9, 11 and 20 below and the Company having the requisite shareholder authorities, be applied on behalf of that Participant to subscribe for the maximum number of whole new shares of that class which can be allotted with the funds.
  - (b) The number of shares to be allotted to a Participant pursuant to condition 3(a) above shall be calculated by dividing the Participant's funds by the greater of (i) 70% of the last published net asset value per existing ordinary share and (ii) the average of the middle market price for ordinary shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the Payment Date. Shares will not be allotted at less than their nominal value.

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- (c) Fractional entitlements will not be allotted and any cash balance will be held by the Company and carried forward and included in calculating a Participant's next dividend entitlement. No interest shall accrue or be payable in respect of any such cash balances carried forward.
    - (d) The Company shall not be obliged to allot shares under the Scheme to the extent that the total number of shares allotted by the Company pursuant to the Scheme in any financial year would exceed 10% of the aggregate number of shares on the first day of such financial year.
  4. The Scheme Administrator shall as soon as practicable after the allotment of shares in accordance with condition 3 procure (i) that the Participants are entered onto the Share Register of the Company as the registered holders of those shares; (ii) that share certificates (unless such shares are to be uncertificated) and, where applicable, income tax vouchers ("Tax Vouchers") are sent to Participants at their own risk; and (iii) that Participants receive a statement detailing:
    - (a) the total number and class of shares held at the record date for which a valid election was made;
    - (b) the number and class of shares allotted;
    - (c) the price per share allotted;
    - (d) the cash equivalent of the shares allotted;
    - (e) the date of allotment of the shares; and
    - (f) any funds to be carried forward for investment on the next Payment Date.
  5. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
  6. Each Participant warrants to the Scheme Administrator that all information set out in the Application Form (including any electronic election) on which the election to participate in the Scheme is contained is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator and that during the continuance of his or her participation in the Scheme he or she will comply with the provisions of condition 7 below.
  7. The right to participate in the Scheme will not be available to any person who has a registered address in any jurisdiction outside the UK. No such person receiving a copy of the Scheme documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).
  8. Participants acknowledge that the Scheme Administrator is not providing a discretionary management service. Neither the Scheme Administrator nor the Company shall be responsible for any loss or damage to Participants as a result of their participation in the Scheme unless due to the negligence or wilful default of the Scheme Administrator or the Company or their respective employees and agents.

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# Dividend Investment Scheme

9. Participants may:
- (a) at any time by notice to the Scheme Administrator terminate their participation in the Scheme and withdraw any funds held by the Company on their behalf; and
  - (b) in respect of shares they hold as nominee and subject to condition 2(f), give notice to the Scheme Administrator that, in respect of a forthcoming Payment Date, their election to receive shares is only to apply to a specified amount due to the Participant as set out in such notice.

Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Administrator at least 15 days prior to such Payment Date. In respect of notices under (a) above, such notice will be deemed to have been served where the shareholding of the Participant reduces to nil. Upon receipt of notice of termination, all funds held by the Company on the Participant's behalf shall be returned to the Participant as soon as reasonably practical at the address set out in register of members, subject to any deductions which the Company may be entitled or bound to make hereunder.

10. Cash balances of less than £5 held by the Company on behalf of Participants who have withdrawn from the Scheme will not be repaid, but will be donated to a registered charity at the discretion of the Company.
11. The Company shall be entitled at its absolute discretion, at any time and from time to time to:
- (a) suspend the operation of the Scheme;
  - (b) terminate the Scheme without notice to the Participants; and/or
  - (c) resolve to pay dividends to Participants partly by way of cash and partly by way of new shares pursuant to the Scheme.
12. Participants who wish to participate in the Dividend Investment Scheme and whose shares are held in certificated form, i.e. not in CREST, should complete and sign a Mandate Form and return it no later than 15 days prior to the dividend payment date to New Issues Department, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Personalised Mandate Forms can be obtained from the Scheme Administrator at the address above or by telephoning 0871 664 0300 (Calls cost 10p per minute plus network extras. Lines are open 8.30 am – 5.30 pm Mon – Fri. If calling from overseas please ring +44 208 639 3399).

If a Participant's shareholding is in uncertificated form in CREST (and was in uncertificated form as at the relevant record date), the Participant can only elect to receive a dividend in the form of new shares by means of the CREST procedure to effect such an election. No other method of election will be permitted under the Scheme and will be rejected. By doing so, such Shareholders confirm their election to participate in the Scheme and their acceptance of the Scheme terms and conditions. If a Participant is a CREST sponsored member, they should consult their CREST sponsor, who will be able to take appropriate action on their behalf. All elections made via the CREST system should be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual. The Dividend Election Input Message submitted must contain the number of shares on which the election is being made. If the relevant field is left blank or, completed with zero the election will be rejected. If a Participant enters a number of Shares greater than the holder in CREST on the relevant record date for the dividend the system will automatically amend this down to the record date holding. When inputting the election, a *single drip* election should be selected (the Corporate Action Number for this can be found on the CREST GUI). Evergreen elections will not be permitted. Participants who wish to receive New Shares instead of

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cash in respect of future dividends must complete a Dividend Election Input Message on each occasion otherwise they will receive the dividend in cash. Elections via CREST should be received by CREST no later than 5.00 pm on such date that is at least 15 days before the dividend payment date for the relevant dividend in respect of which you wish to make an election. Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST Shareholder wished to change their election, the previous election would have to be cancelled.

13. A written mandate form will remain valid for all dividends paid to the Participant by the Company until such time as the Participant gives notice in writing to the Scheme Administrator that he no longer wishes to participate in the Scheme.
14. The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. Amendments which have arisen as a result of any change in statutory or other regulatory requirements may be effected without notice unless in the Company's opinion the change materially affects the interests of Participants.

Amendments to the Scheme Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may be effected without notice.

15. By ticking the relevant election box and completing and delivering the Application Form or submitting the election electronically, the Participant:
  - (a) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
  - (b) declares that a loan has not been made to the Participant on whose behalf the shares are held or any associate of either of them, which would not have been made or not have been made on the same terms but for the Participant electing to receive new shares and that the shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.
16. Elections by individuals for VCT shares should attract applicable VCT tax reliefs (depending on the particular circumstances of a particular individual) for the tax year in which the shares are allotted but Participants and beneficial owners are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company accepts any liability in the event that tax reliefs are not obtained. Shares allotted to Nominees may not attract VCT tax reliefs and beneficial owners should obtain tax advice in relation to their own particular circumstances. The Tax Voucher can be used to claim any relevant income tax relief either by obtaining from the HM Revenue & Customs an adjustment to a Participant's tax coding under the PAYE system or by waiting until the end of the year and using the Self Assessment Tax Return.
17. The Company will, subject to conditions 9, 11 and 20, allot shares in respect of the whole of any dividend payable (for the avoidance of doubt irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the Scheme Administrator has been notified to the contrary in writing at least 15 days before a Payment Date.

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# Dividend Investment Scheme

18. Shareholders electing to receive shares rather than a cash dividend will be treated as having received a normal dividend. Shareholders qualifying for VCT tax reliefs should not be liable to income tax on shares allotted in respect of dividends from qualifying VCT shares.
19. For capital gains tax purposes, Shareholders who elect to receive shares instead of a cash dividend are not treated as having made a capital disposal of their existing shares. The new shares will be treated as a separate asset for capital gains purposes.
20. The Company shall not be obliged to accept any application or issue shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the Scheme Administrator.
21. The amount of any claim or claims a Participant has against the Company or the Scheme Administrator shall not exceed the value of such Participant's shares in the Scheme. Nothing in these Scheme Terms and Conditions shall exclude the Company or the Scheme Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the Scheme Administrator will be responsible for:
  - (a) acting or failing to act in accordance with a court order of which the Scheme Administrator has not been notified (whatever jurisdiction may govern the court order); or
  - (b) forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from a Shareholder (or, where relevant, a nominee) are genuine; or
  - (c) losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the Scheme Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these Scheme Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
  - (d) any indirect or consequential loss.
22. These Scheme Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.
23. These Scheme Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders who are in any doubt about their tax position should consult their independent financial adviser.

6 May 2010



