

IBIS Media VCT 1 plc

Share Realisation and Reinvestment Programme

Opportunity for existing investors to access additional tax relief of up to 30%



Important Notice

This leaflet constitutes a financial promotion pursuant to the Financial Services and Markets Act 2000, and has been approved by and is issued by IBIS Capital Limited. It is not an offer or an invitation to apply for shares in IBIS Media VCT 1 plc ("IBIS"). Applications for shares must be made solely on the basis of information contained in the Prospectus of IBIS ("Prospectus") which is available from IBIS Capital (tel: 020 7070 7080 or email: info@ibismediavct.com). Any decision to invest in IBIS should be based on consideration of the Prospectus as a whole by the investor. An investment in IBIS is suitable only for investors who are capable of evaluating the risk and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Investors should check their eligibility for income tax relief with a professional advisor. Rates and conditions of tax relief are subject to change. Changes in legislation in respect of VCTs in general, and qualifying investments in particular, may adversely affect IBIS' ability to meet its objectives and/or reduce the level of returns which would otherwise have been achieved.

Enhancing shareholder value

Since we launched IBIS Media VCT 1 plc (“IBIS” or the “Fund”) in 2006, we have carefully built a diversified portfolio of investments across a range of media subsectors. The Fund now has investments in nine companies and has achieved a total return per share¹ that ranks IBIS amongst the top 20% of all VCTs that launched at the same time or subsequently.

Shareholders that subscribed at the time of the initial fundraising in early 2006 have now been investors in IBIS for approximately 4 years. The Board has been exploring ways to enhance the investment returns for investors and is therefore introducing a programme to provide existing investors with the opportunity to obtain additional income tax relief of up to 30%. The scheme is called a Share Realisation and Reinvestment Programme or SRRP.

All IBIS shareholders may participate in the SRRP. However, shareholders who own ordinary shares acquired after 5 April 2006 will lose any “front end” income tax relief which they have obtained in respect of such shares if they sell them under the SRRP and, therefore, will most likely not want to participate in the SRRP. It is the Board’s intention to explore whether further Share Realisation and Reinvestment Programmes are appropriate in the future in order to provide all long term shareholders with the opportunity to benefit from the additional tax relief which a SRRP offers.

What are the benefits of the SRRP?

Here are some of the reasons to consider participating in the SRRP:

- investors who subscribed for shares in IBIS before 6 April 2006, will have received 40% income tax relief on their subscriptions at the time and under the SRRP will be able to apply for a further 30% income tax relief on the reinvested amount;
- existing shares will be acquired under the SRRP at the prevailing Net Asset Value (“NAV”) per share, so shareholders will not suffer any discount to NAV on disposal;
- no cash investment is required to participate in the SRRP; and,
- if investors would like to subscribe for more shares, this can also be done as part of the SRRP.

¹ Total return per share is the sum of the Net Asset Value per share and the cumulative dividends paid.

How does it work?

The Company makes a tender offer (the “SRRP Tender Offer”) open to all IBIS shareholders to sell part or all of their shares back to the Company on the condition that the proceeds from the sale are used to fund the purchase of New Ordinary Shares under an open offer (the “SRRP Open Offer”). HMRC has confirmed that, in accordance with the current VCT Rules and their interpretation, VCT tax reliefs will be available to qualifying shareholders on the total amount reinvested under the SRRP Open Offer.

In order for an IBIS shareholder to buy New Ordinary Shares without subscribing additional money the IBIS shareholder will sell 100 Existing Ordinary Shares for every 97 New Ordinary Shares which he or she buys. The subscription price for New Ordinary Shares under the SRRP Open Offer will be equal to 103% of the NAV per share. In the Prospectus there is a specific application form for IBIS shareholders wishing to take advantage of the Share Realisation and Reinvestment Programme and a personalised copy of the application form will be sent to all shareholders.

Please note that any New Ordinary Shares acquired will need to be held for a minimum period of 5 years to avoid relief from income tax and capital gains tax being withdrawn.

The Share Realisation and Reinvestment Programme will be available until the 16 March 2010, unless the Board decides to extend the period.

Example

A qualifying shareholder who was allotted shares in IBIS for the tax year ending 5 April 2006 will have received income tax relief of 40% on their original investment and subsequent tax-free dividends of 4.5p. If this shareholder were to participate in the SRRP, there would be further income tax relief available of 30% on the reinvested amount.

Assuming that the prevailing NAV per share used for SRRP Tender Offer is 92.56p, being the NAV per share at 31 October 2010, a qualifying shareholder would be able to apply for a further 30% income tax relief on this subscription, amounting to approximately 27.7p. In total, the shareholder will have received for each £1 invested in IBIS: tax reliefs amounting to approximately 67.7p (40.0p plus 27.7p) per share and 4.5p of dividends. The implied uplift in value is approximately 292%, as summarised in the table below.

Original Allotment Date	Income Tax Relief	Effective cost per share*	Total Return per share (NAV + Dividends)**	% Uplift
2005/06 tax year	40% + 30%	32.3p	94.36p	+292%

* cost to qualifying investor after income tax reliefs

** reinvestment of 92.56p under SRRP net of costs, plus 4.5p of dividends

How to apply

Please read the Prospectus and then either complete the SRRP application form at the back of the Prospectus or the one that has been personalised for you with a number of the boxes on the application form pre-filled.

All existing shareholders are able to subscribe for additional New Ordinary Shares using the same application form subject to the maximum number of New Ordinary Shares under the SRRP Open Offer not being exceeded.

If you have any questions about completing the application form please contact:

The City Partnership (UK) Limited
on 0131 243 7210.

How do I claim my tax relief?

You can write to your HM Revenue & Customs office and ask them to change your tax coding under the PAYE system. You will then receive your income tax relief on a monthly basis through your salary. Alternatively, you can wait until you fill in your tax return at the end of the year in which you made your investment.

Please be aware that an investment in IBIS is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient financial resources to bear any loss that might result from such an investment. If you have any doubt about the suitability of IBIS, you should consult a financial adviser.