



## Albion VCTs Linked Top Up Offer 2011/2012

### £15 million investment opportunity

### Invest for income or capital growth\*

“The track record of Albion managed generalist VCTs is good. This, coupled with the prospect of immediate tax-free dividends from an established portfolio of investee companies, will help make this a popular offering with investors and advisers”

Martin Churchill – Editor, Tax Efficient Review

\*Capital growth option through dividend reinvestment scheme

# The Albion VCTs Linked Top Up Offer 2011/2012

Albion is an award winning venture capital investor which has been managing investments in small unquoted UK companies since 1996. The team manages aggregate funds of approximately £228 million and has returned in excess of £103 million in dividends and £34 million through share buy-backs to shareholders as a result of an active policy of returning cash to shareholders.

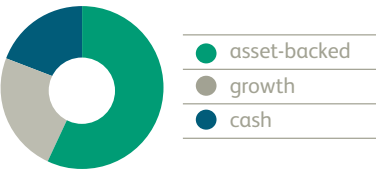
## EARLY INVESTMENT INCENTIVE

Investors who apply for the first £2.5 million worth of New Shares will be granted an additional one per cent. of the amount invested in the Offer. The costs of these additional New Shares are paid by the Manager.

Albion is one of the founding fathers of the VCT industry with a strong track record across their range of VCTs. With this Offer, you gain immediate exposure to a diversified blend of asset-backed and high growth companies with the added benefit of an immediate, tax free monthly income which should make it a popular offering with investors.

Matthew Woodbridge  
Chelsea Financial Services

## Analysis of Albion VCTs portfolio by nature of investment



Source: Albion Ventures LLP – based on valuations as at 30 September 2011. Property exchanged treated as cash equivalent.

## Capital growth option through dividend reinvestment schemes

Investors who do not need immediate tax-free income can receive dividends in the form of new shares.

The dividend reinvestment scheme has the following benefits;

- the acquisition of new shares without dealing costs;
- receipt of 30 per cent. up-front income tax relief on the cost of the dividend;
- compound capital growth effect through building up shareholdings in high yielding investments.

Investors should be aware that new shares under the dividend reinvestment scheme are issued at net asset value, which can typically be at a 10-15 per cent. premium to shares bought in the secondary market. Shares bought in the secondary market and shares issued to a nominee are not eligible for up-front income tax relief.

Shareholders can re-elect to receive cash dividends at any time.

## OPEN FOR NEW INVESTMENT

We are delighted to offer investors this opportunity to acquire new shares in seven Albion VCTs through the innovative Albion VCTs Linked Top Up Offer 2011/2012.

The Offer is designed to provide investment in a broad, balanced portfolio of UK smaller unquoted companies, producing a regular monthly dividend yield with the prospect of capital growth.

- £180 million already invested in an existing mixed portfolio of 60 companies with no bank loans, offering both income and growth
- Monthly tax-free dividends of approximately 5 per cent. per annum
- Potential for compounded capital growth through dividend reinvestment
- Manager with 15 year track record responsible for some of the top performing VCTs in their peer group
- Conservative investment strategy underpinned by cash and assets with good growth prospects
- Attractive early investment incentive

The maximum amount to be raised under the Offer is £15 million

## Monthly tax-free income

Investors will have immediate access to a target tax-free dividend yield of around 5 per cent.\* p.a. which is equivalent to 7 per cent. on the net cost of investment after up-front income tax relief at 30 per cent.

Investors will receive at least one tax-free dividend on the last day of each month paid to shareholders directly by the individual VCTs.

\* based on information as at 30 June 2011. Details of dividend targets for each fund can be found in the fund factsheets on [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section and in the Offer Document.

## Tax benefits to investors

For the current tax year to 5 April 2012, eligible investors can claim

- 30 per cent. up-front income tax relief on the initial amount invested;
- tax-free dividends; and
- tax-free capital gains on the VCT shares.

These tax reliefs apply to private investors who are aged 18 or over, who subscribe in their own name and who hold shares for a minimum of 5 years. The tax benefits are subject to a current annual maximum investment of £200,000 in VCTs.

There are risks in investing in VCTs that may outweigh the tax benefits in certain circumstances, principally a diminution in value of the investment made in the VCTs. These risks are explained more fully in the Offer Document.

# The Manager

## Experienced investment management team

Albion Ventures LLP is a privately owned venture capital manager and one of the largest VCT investors in the UK.

The business dates from 1996 when it was formed as the venture capital arm of Close Brothers. It became independent in 2009 when it was bought by the management team and renamed Albion Ventures.

Albion has 25 staff, including 11 investment executives, each with, on average, 8 years' of investment experience at Albion Ventures LLP. The Albion team have backgrounds in investment banking, strategy and management consulting, healthcare, media and accountancy.

Track Record	Launch date	Total return since launch <sup>1</sup>	Total annualised return since launch	Total annualised return since launch after initial income tax relief	Current dividend target
Albion Venture Capital Trust PLC	1996	195.7p	6.4%	8.8%	5.0p
Albion Prime VCT PLC	1997	115.3p	1.2%	3.1%	3.0p
Albion Development VCT PLC Ordinary Shares	1999	135.1p	2.9%	5.1%	5.0p
Albion Technology & General VCT PLC	2001	151.4p	4.7%	7.4%	5.0p
Albion Income & Growth VCT PLC	2004	84.7p	(2.5)%	5.6%	3.5p
Crown Place VCT PLC <sup>2</sup>	2005	72.9p	1.6%	N/A	2.5p
Albion Enterprise VCT PLC	2007	94.9p	(1.1)%	6.5%	3.0p

Albion VCTs Linked Top Up Offer 2010/2011 has recorded a 10 month total return of 2.5 per cent.<sup>3</sup>

The Albion team are hands-on investors with a policy of investment managers sitting on the boards of portfolio companies.

## Awards

Albion funds have some of the longest and most successful track records in the UK venture capital trust industry. Albion has been awarded many accolades for its VCT performance, including:

- Investor of the Year, Independent Healthcare Awards 2011
- VCT of the Year, Winner & Exit of the Year, Finalist – Investor AllStars Awards 2009
- VCT Manager of the Year – British Private Equity Awards 2009

<sup>1</sup> Total return includes dividends paid or declared (to 31 October 2011) plus NAV (as at 30 June 2011).

<sup>2</sup> Albion Ventures took over the management of this fund in April 2005. The annualised return since launch (but not the total return), dates from that year.

<sup>3</sup> Assumes investment on 7 January 2011 (costs of 5.5 per cent. were dedicated on investment)



## Strong track record

In the past 15 years, the team has invested in 105 unquoted companies with 45 exits with negative returns from only 8 businesses.

## Capital growth option through dividend reinvestment schemes

The VCTs managed by Albion operate dividend reinvestment schemes under which shareholders may reinvest their dividends as new shares, which entitles them to further income tax relief on the amount of their dividends. (see back page for details).

## Investment by the Directors and Manager

Directors of the seven Albion VCTs and Partners and Staff of the Manager are intending to subscribe at least £150,000 in this Offer.

Directors of the seven Albion VCTs and Partners and Staff of Albion have already invested over £2.5 million in the Albion VCTs.



## MARKET OPINION

“Albions’ investment philosophy focuses both on asset-backed businesses and high growth enterprises. We regard the Manager’s long-term record as commendable, and believe the VCTs’ strategies should provide investors with prospects for both capital preservation as well as growth. A further attraction of this Linked Offer is that it gives immediate exposure to a tax-free income stream from a mature portfolio of assets”  
Richard Allen, Allenbridge





## An award winning investment team



**Patrick Reeve**  
Managing Partner



**Will Fraser-Allen**  
Dep. Managing Partner



**Isabel Dolan**  
Operations Partner



**Dr Andrew Elder**  
Partner



**Emil Gigov**  
Partner



**David Gudgin**  
Partner



**Michael Kaplan**  
Partner



**Ed Lascelles**  
Partner



**Dr Christoph Ruedig**  
Investment Manager



**Henry Stanford**  
Partner



**Robert Whitby-Smith**  
Partner



**Marco Yu**  
Investment Manager

# Capital growth option through dividend reinvestment scheme

The VCTs managed by Albion operate dividend reinvestment schemes (“DRIS”) under which shareholders may reinvest their dividends in new shares in the Albion VCTs.

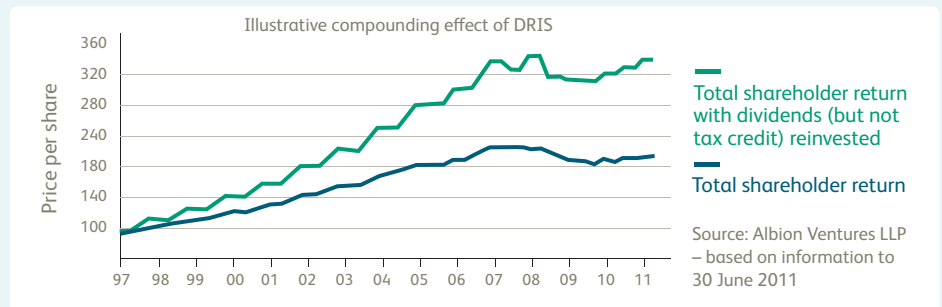
**Individual investors gain from a range of attractive benefits when investing in dividend reinvestment schemes (subject to certain qualifying conditions).**

- Normal VCT reliefs including up-front income tax relief of 30 per cent. (irrespective of an investor's marginal rate of income tax) on the value of the dividend received
- Commission-free share allotment as no broker is required to facilitate the trade
- Regular investment over time allows investors to compound capital growth

The graph below illustrates the total shareholder return for an investor in Albion Venture Capital Trust PLC, including original amount invested (rebased to 100) from launch comparing:

- the total return, measured by dividends paid in cash and the prevailing Net Asset Value; and
- the illustrative return, had an investor participated in a dividend reinvestment scheme throughout.

Investors should note that shares purchased under a DRIS will be issued at the prevailing Net Asset Value, which may be 10-15 per cent. higher than the prevailing share price.



## VCT legislation and risks

### Potential change in VCT legislation

As announced in the Budget in March 2011 (and subject to EU State Aid approval) legislation will be introduced in the Finance Bill 2012 making the following changes to Venture Capital Trusts (VCTs) which are expected to take effect on or after 6 April 2012:

- an increase in the thresholds for the size of a VCT qualifying company up to 250 employees and to £15 million of gross assets before investment; and
- an increase in the annual amount that can be raised by a company through VCTs to £10 million.

A recent consultation by HM Treasury on tax-advantaged venture capital schemes includes some proposals with a view to ensuring that VCT investments remain focussed on small, higher risk businesses. At this stage Albion Ventures does not believe that changes in the VCT legislation would adversely affect the Albion VCTs' investment policy.

### VCT tax risks

Investment in a VCT should be considered a long-term investment. The tax treatment depends on the individual circumstances of each investor.

Under current legislation shares must be held for a minimum of five years for maximum tax benefits and may be affected by future legislation. If certain criteria are not met, for example if the investment is not held for five years or if the VCT does not invest 70 per cent. of its funds in qualifying investments, the tax breaks will be withdrawn and you may be required to repay any tax relief which you have received upfront. No VCT can guarantee that its investors will qualify for tax relief. You should not invest in a VCT simply for the tax benefits.

The tax reliefs available to investors in a VCT depend on it maintaining HMRC approval. A failure to meet the qualifying requirements could result in adverse tax consequences to investors, including a requirement to repay the income tax relief obtained. Investors must retain their VCT shares for the minimum period required to retain their initial tax relief. The tax rules and regulations governing VCTs are subject to change.

# Investment strategy

## Investment opportunities

The new fundraising will enable the Albion VCTs to capitalise on the attractive investment opportunities available in the current market.

Funds raised under the Offer will be invested in seven of the VCT funds managed by Albion in accordance with their existing investment policies.

Through investment in the Albion VCTs Linked Top Up Offer 2011/2012, investors will have exposure to around 60 UK based small unquoted companies. This will give investors the opportunity to participate in a balanced portfolio of more stable, often asset-backed investments which provide an income stream, combined with investment in a smaller number of higher-growth companies. A number of investment opportunities are being considered at attractive valuations in a variety of areas, especially in the healthcare and environmental sectors.

As at 30 September 2011, across the seven VCTs, asset-backed investments accounted for around 57 per cent. of the portfolio and around 19 per cent. was held as cash, with the balance of 24 per cent. of the portfolio in investments with higher growth potential. Details of each VCT's investment policy can be found on the Albion Ventures LLP website [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the "Our Funds" section.

In order to reduce investment risk, approximately 60 per cent. of investments made by Albion Ventures are in the form of loan stock secured on the assets of investee companies, and it is the VCTs' policy for investee companies not to have external bank debt with a charge or security ranking ahead of the VCTs.

### Case study one



Albion Ventures LLP committed £8.7 million to acquire a property on the bank of the River Thames at Twickenham, to develop a new independent school for boys and girls aged 7 to 18. Radnor House had a target of 70 students in its first year of operation. The school opened its doors on 5 September 2011 with 137 students and is currently forecasting to achieve an operating profit before interest in its first year. This performance has allowed it to repay early £0.25 million of the investment back to the Albion VCTs. When fully mature, the school will educate some 350 students and provide a yield of 12 per cent. on investment cost. In addition, the investment is expected to generate a significant capital gain.

**David Paton, founder shareholder of Radnor House School, stated** "Albion Ventures quickly understood the investment opportunity that Radnor House presented. During the investment process they added significant value in refining the business plan, negotiating the acquisition of the property and building an outstanding senior management team. Following the launch of the business Albion remain closely engaged at board level, providing strategic and financial advice as required. To my knowledge, no other school has accessed venture capital at the start up phase, so I am pleased to have found an innovative and entrepreneurial funding partner."

### Case study two



Albion Ventures LLP first invested in Dexela in May 2006. Dexela had developed technology to optimise the use of low-dose X-rays for 3-Dimensional imaging, focused initially on the detection of breast cancer. At the time the Company had low revenues and 6 employees.

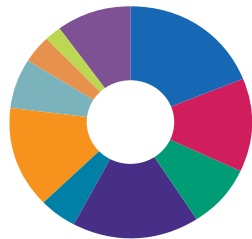
Following investment, Dexela built and trialled its proprietary X-Ray imaging system. It also developed a portfolio of software modules for imaging reconstruction and visualisation. In 2008 the company acquired a detector business, enabling the development of its own range of flat-panel CMOS-based digital detectors, optimised for use in low-dose X-Ray applications. Following launch in 2009, these detectors quickly became market leading, leading to rapid, profitable growth.

The Company was sold to Perkin Elmer, a US-based global healthcare technology company, in June 2011. Albion Ventures invested £2.6 million in the Company, and expects to achieve up to 3 times return on investment.

**Ed Bullard, CEO of Dexela, said,** "Continued investment over the years from Albion has been fundamental to the Company's success. Albion's understanding of the healthcare sector was an important reason for selecting them as investors and the business benefited substantially from Albion's expertise and knowledge of the sector."

## Established portfolio

The portfolio allocation, by valuation, across the seven Albion VCTs included in the Offer as at 30 September 2011 is as follows:



cash & cash equivalents	19%
hotels	13%
pubs	9%
other leisure and property	17%
education	5%
healthcare	14%
environmental	7%
business services & other	4%
travel & retail	2%
IT/software	10%

Source: Albion Ventures LLP.

## Share price discount and buy-backs

The VCTs managed by Albion Ventures buy back their shares in the market. It is the stated intention of the VCTs that the discount to Net Asset Value at which they buy back shares is in the region of 10-15 per cent. so far as market and liquidity conditions permit.

To date, Albion Ventures VCTs have returned in excess of £34 million to shareholders through share buy-backs.

## Performance of 2010/2011 Albion VCTs Linked Top Up Offer

Last year's Albion VCTs Linked Top Up Offer raised a total amount of £11.8 million across seven of the funds managed by Albion Ventures LLP. The proceeds of the offer were used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities were being seen. Investments since launch of last year's offer have included renewable energy businesses (£8.9 million) and healthcare companies (£5.2 million).

Since the first allotment on 7th January 2011, we are pleased to report that Albion VCTs have paid a tax-free dividend every month representing an annualised return of around 5 per cent. return per annum which is equivalent to 7 per cent. on the net cost of investment after up-front income tax relief of 30 per cent.

## Details of the Offer

### Subscription

Amounts subscribed will be invested directly in each of seven of the Albion VCTs. Out of every £10,000 invested, £1,000 will be invested in Albion Prime VCT PLC and a further £1,500 in each of the other six VCTs listed under the Offer. More details are included in the enclosed Offer Document.

### Minimum investment

£10,000 per investor.  
Applications should be in multiples of £1,000.  
For this fundraising there is no overall minimum subscription so investors can be confident that the Offer will proceed.

### Maximum investment

£200,000 per investor  
(in VCTs in total for the current tax year)

### Investment pricing

The price per VCT share will be calculated using the latest announced net asset value per share for the relevant VCT (where the share price has been marked ex-dividend the net asset value will be ex-dividend), divided by 94.5 to cover the costs of the issue.

### Fees and charges

The initial charge paid to the Manager for fundraising expenses is 5.5 per cent. of amounts subscribed by investors.

Details of the management, administration and performance fees charged by the Manager are shown in the fund factsheets on the website [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the "Our Funds" section.

For the seven Albion VCTs, the ratio of total normal annual running costs to net assets will be limited to 3.5 per cent., with any excess being borne by the Manager through a reduction in its management fee.

### Introductory commission

3 per cent. upfront with no trail commission, or 2 per cent. plus trail commission. The costs of introductory commission will be paid by the Manager.

### Trail commission

0.4 per cent. for 5 years, with last payment on 31 March 2017 provided that the intermediary continues to act for the shareholder. Trail commission is paid by the Manager.

### Early investment incentive

Applicants for the first £2.5 million of subscriptions will be eligible for additional shares equal to 1 per cent. of the amount they invest in the Offer. The costs of this early investment incentive will be paid by the Manager.

### Share buy-backs

The VCTs managed by Albion Ventures LLP buy back their shares in the market. It is the stated intention of the VCTs that the discount to Net Asset Value at which they buy back shares is around 10-15 per cent. so far as market conditions and liquidity permit.

### Payment of dividends and commission by bank transfer

In order to reduce cost and the risk of fraud, all shareholder dividends and adviser commissions will be paid directly to nominated bank accounts, and not by cheque.

### Ongoing information to shareholders

Investors in the Albion VCTs Linked Top Up Offers will receive half-yearly performance summaries regarding the shares issued under the 2010/2011 and 2011/2012 Offers.

Additionally, shareholders will receive an annual statement of their shareholdings from the registrars acting for the funds.

Shareholders can elect (through completing the relevant box on the application form) to receive electronic communications from each of the Albion VCTs where the relevant VCT has adopted the powers to be able to communicate electronically.

### Dividend reinvestment schemes

Details of the schemes and mandates to reinvest dividends can be found on [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the "Our Funds" section. Shareholders can opt into this reinvestment scheme for shares bought under this Offer, by ticking the relevant box on the Application Form.

## For further information

For details of the investment policies of the individual VCTs, dividend targets and other useful information, please see [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the "Our Funds" section, and refer to the fund factsheet for the Company in question.

A copy of this Investor Guide, and the Offer Document containing the Application Form may be obtained from:

#### Promoter

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#### Manager and Receiving Agent

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\*Calls to this number from a UK landline are usually free; calls from a mobile may be charged. Calls may be recorded.

Early investor incentive on the first  
£2.5 million worth of shares applied for

The Offer will close at 12 noon on  
5 April 2012 (unless extended or  
already fully subscribed)



Individuals interested in investing for the 2012/2013 tax year please contact Albion Ventures LLP.

## Risk warning This Investor Guide is issued in the UK by Albion Ventures LLP

This communication is an advertisement only and does not constitute an offer to sell, or a solicitation of an offer to buy, any shares in Albion Venture Capital Trust PLC, Albion Prime VCT PLC, Albion Development VCT PLC, Albion Technology & General VCT PLC, Albion Income & Growth VCT PLC, Crown Place VCT PLC or Albion Enterprise VCT PLC (the "Companies"). No such offer or solicitation will be made except pursuant to the Albion VCTs Linked Top Up Offer Document 2011/2012 (the "Offer Document") issued on or around 1 November 2011. Before making a decision to invest in the Companies, potential investors are advised to read the Offer Document and related application form carefully including the risk factors contained in the Offer Document, and to consult their legal, accounting, business, investment, pension, tax or other adviser. The information in this communication is qualified in its entirety by reference to the more detailed discussion contained in the Offer Document. Any person subscribing for shares under the Offer must be able to bear the risks associated with the Companies and must meet the Companies' suitability requirements.

The value of investments can fall as well as rise and an investor may not get back the original amount invested. The performance information set out above refers to the past and past performance is not a reliable indicator of future results. The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Albion Ventures LLP does not provide advice, or ensure suitability in respect of any of its investment funds. An authorised investment adviser should be consulted in all circumstances where advice on an investment product is required. Although Albion Ventures LLP may have an informed opinion on such matters, it cannot comment on the individual circumstances of each investor. The information relating to tax in this document is based on current law and practice and should not be construed as tax advice in respect of which investors should consult their own tax adviser. The market value of, and the income derived from shares can fluctuate and there is no guarantee that the market price of shares will fully reflect their underlying net asset value. There can be no guarantee that the investment objectives will be met. There is no guarantee that target dividends will be paid.

Investment in the Companies will involve certain risks, including:

- The Companies will invest in unquoted investments which are, or may be, illiquid and difficult to realise;
- The Companies will invest in shares of companies that may be subject to transfer restrictions;
- The performance of the Companies is dependent on the availability of appropriate tax reliefs relating to venture capital trust status.

RAM Capital Partners LLP is acting exclusively for Albion Ventures LLP and the Companies as the Promoter to the Offer and for no-one else in relation to the Offer.

Albion Ventures LLP is acting exclusively for the Companies and for no-one else in relation to the Offer.

Albion Ventures LLP is authorised and regulated by the Financial Services Authority.

# ALBION VENTURES