

## Albion VCTs Top Up Offers 2013/2014

*£15 million investment opportunity*



# The Offers

**Albion Ventures LLP is a leading venture capital investor which has been managing investments in small unquoted UK companies since 1996.**

We are delighted to offer investors this further opportunity to acquire new shares in six Albion VCTs through the Albion VCTs Top Up Offers 2013/2014.

- Investment into an existing, mature portfolio
- Experienced manager with strong track record
- Conservative investment strategy
- Target monthly tax-free dividend yield of over 5 per cent p.a.\*
- Compound capital growth option
- Up-front tax relief at 30 per cent

The target amount to be raised under the Offers is £15 million in aggregate.

\*based on the Albion VCTs' net asset values, current dividend targets as at 30 June 2013 and on equal investment across the six VCTs.

## Monthly target tax-free income of over 5 per cent p.a.

It is intended that investors who invest an equal amount in each of the six Companies will receive at least one tax free dividend on the last working day of each month, paid directly to shareholders by the individual Albion VCTs and will benefit from a target dividend yield of over 5 per cent\* p.a. This is equivalent to 7.1 per cent on the net cost of investment after up-front income tax relief at 30 per cent.

\* based on the Albion VCTs' net asset values and current dividend targets as at 30 June 2013.

## Compound capital growth option

The VCTs managed by Albion Ventures operate dividend reinvestment schemes ("DRIS") under which shareholders may reinvest their dividends in new shares in the Albion VCTs. Therefore, investors who do not need immediate tax-free income can receive dividends in the form of new shares.

The DRIS have the following benefits:

- The acquisition of new shares without dealing costs
- Receipt of 30 per cent up-front income tax relief on the value of the dividends
- Compounding of capital growth into high yielding investments

Investors should note that shares purchased under a DRIS will be issued at the most recent half or full year net asset value, which is likely to be more than 5 per cent higher than the prevailing share price.

## Up front tax relief at 30 per cent

For the current tax year to 5 April 2014, eligible investors can receive:

- 30 per cent 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 all 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.

## Share price discount and buy-backs

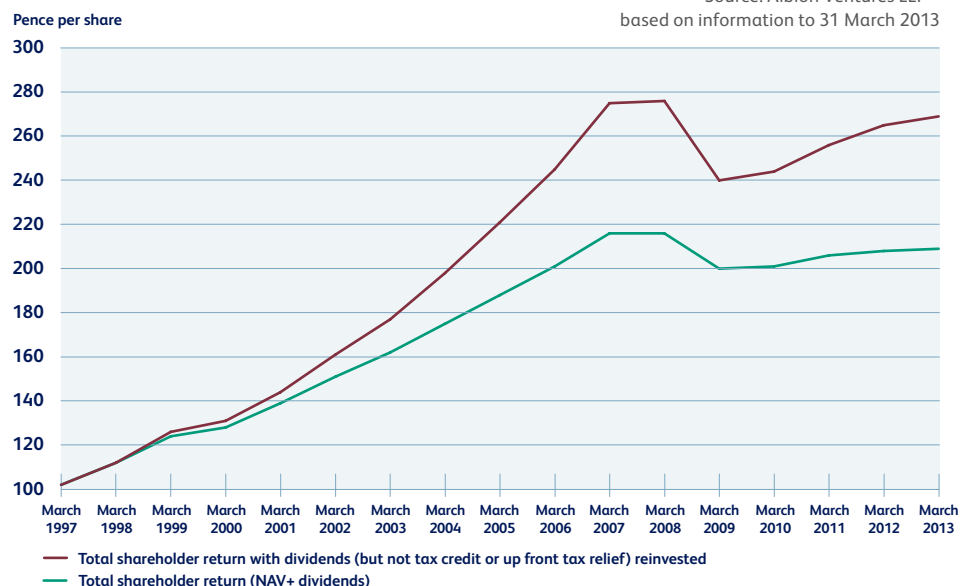
The VCTs managed by Albion Ventures buy back their shares in the market. It is the stated aim of the VCTs that the discount to net asset value at which they buy back shares should be around 5 per cent.

To date, Albion Ventures VCTs have returned in excess of £48 million to shareholders through share buy-backs.

The graph below illustrates the theoretical 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 that Company's DRIS since launch.

## Illustration of effect on return of DRIS (Albion Venture Capital Trust PLC)





# The Investment Strategy

Funds raised under the Offers will be invested in six of the VCT funds managed by Albion Ventures LLP in accordance with their existing investment policies.

**Established portfolio** – the potential to access immediate exposure to a diversified portfolio of 75 businesses within the Albion VCTs with an asset value, including cash, of around £230 million. In addition, there are a number of investment opportunities at attractive prices in the pipeline.

**Income return** is delivered through the investment structuring which uses a high proportion of loan stock ensuring that the portfolio generates significant income. This helps underpin the ability of the Albion VCTs to pay dividends.

**Conservative investment strategy** with potential for growth is achieved through the combination of more stable asset-backed investments and a lower level of investment in higher-growth

companies. The current focus for new investment in the healthcare and environmental sectors ensures a spread that is not overly reliant upon consumer facing sectors.

Approximately 55 per cent of investments made by Albion Ventures are in the form of loan stock secured on the assets of portfolio companies and it is each Albion VCT's policy for portfolio companies not to have external borrowing with a charge or security ranking ahead of the Albion VCTs.

Using the valuations as at 30 June 2013, asset-backed investments accounted for 46 per cent of the portfolio, 18 per cent was held as cash, with the balance of 36 per cent of the portfolio in investments with higher growth potential.

## Between them, Albion VCTs' portfolio companies:

- Employ over 3,400 staff
- Export over £120 million pa
- Spend on R&D over £16 million pa

## Portfolio Allocation

The following is the split by sector of the underlying investment portfolio of the Albion VCTs participating in the Offers:

Cash & cash equivalents	18%		
Asset-backed	46%	Hotels	7%
		Pubs	7%
		Other leisure	9%
		Education	5%
		Renewable energy	12%
		Healthcare (asset-backed)	6%
Growth & Technology	36%	Healthcare (growth & medtech)	11%
		Business services and Other	6%
		Travel & Retail	3%
		IT & other technology	16%

Source: Albion Ventures LLP – based on valuations as at 30 June 2013.

# The Manager

## Experienced investment management team

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

### Investment by the Directors and Manager

Directors of the Albion VCTs and staff of Albion Ventures have to date invested over £3 million in the VCTs managed by Albion Ventures.

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 its management team and renamed Albion Ventures.

Albion Ventures LLP has 28 staff, of which 11 are investment executives, each with, on average, close to 10 years' of investment experience at Albion Ventures LLP. The Albion team have backgrounds

in healthcare, media, accountancy and investment banking and strategy and management consulting.

The Albion team are hands-on investors with a policy for investment managers to sit on the boards of each portfolio company.

In the past 17 years, the team has invested in 117 unquoted companies with 58 exits of which 45 were profitable.

### Track Record

	Date of launch or Albion's management	Total dividends paid since launch (p)	Total return since launch <sup>1</sup> (before tax relief) (p)	Total return (after tax relief) (p)	Current target dividend yield on issue price
Albion Venture Capital Trust PLC	Apr 96	127.3	199.3	219.3	6.7%
Albion Development VCT PLC	Jan 99	72.8	144.9	168.9	6.7%
Albion Technology & General VCT PLC					
– Ordinary shares	Jan 01	76.0	158.1	178.1	5.9%
– C Shares	Jan 06	23.0	86.9	126.9	n/a
– Albion Income & Growth VCT PLC <sup>2</sup>	Oct 04	26.7	92.0	132.0	n/a
Albion Enterprise VCT PLC	Apr 07/08	16.4	108.9	138.9	5.2%
Crown Place VCT PLC <sup>3</sup>	Apr 05	19.3	118.9	n/a	7.7%
Kings Arms Yard VCT PLC <sup>4</sup>	Jan 11	2.7	128.1	n/a	5.2%

Source: Albion Ventures LLP

### Top Up Offers Record

	Launch date	Total dividends paid since launch (p)	Total return since launch <sup>1</sup> (before tax relief) (p)	Total return (after tax relief) (p)
Albion VCTs Linked Top Up Offer 2010/2011	Nov 2010	15.4	106.1	136.1
Albion VCTs Linked Top Up Offer 2011/2012	Nov 2011	10.1	104.3	134.3
Albion VCTs Top Up Offers 2012/2013	Oct 2012	4.8	100.1	130.1

Source: Albion Ventures LLP

<sup>1</sup> Total return includes dividends paid or declared (as at 30 June 2013) plus NAV (as at 30 June 2013) and an opening NAV of 94.5p, after launch costs. In the case of the Top Up Offers, it assumes an equal investment across the VCTs.

<sup>2</sup> Albion Income & Growth VCT PLC is being merged into Albion Technology & General VCT PLC, with an effective date of 15 November 2013.

<sup>3</sup> Rebased to 100 from April 2005, when Albion Ventures took over the management of this VCT.

<sup>4</sup> Rebased to 100 from January 2011, when Albion Ventures took over the management of this VCT.

In July 2013, HMRC issued a consultation paper on share buy-backs, which also raised the issue of VCTs returning capital early, such as by dividends paid out of special reserves, and whether restrictions on these might be appropriate. This is something which HMRC is currently considering.

## Key members of Albion's team



Patrick Reeve  
Managing Partner



Will Fraser-Allen  
Dep. Managing Partner



Adam Chirkowski  
Investment Manager



Andrew Elder  
Partner



Emil Gigov  
Partner



David Gudgin  
Partner



Vikash Hansrani  
Director of Finance



Ed Lascelles  
Partner



Christoph Ruedig  
Investment Director



Henry Stanford  
Partner



Robert Whitby-Smith  
Partner



Marco Yu  
Investment Manager



Stuart Mant  
Head of Sales



Victoria Scott  
Head of Marketing

# 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 Development VCT PLC, Albion Technology & General VCT PLC, Crown Place VCT PLC, Albion Enterprise VCT PLC or Kings Arms Yard VCT PLC (the “Companies” or the “Albion VCTs”). No such offer or solicitation will be made except pursuant to the Albion VCTs Top Up Offers 2013/2014 Document (the “Offer Document”) issued on or around 6 November 2013. Before making a decision to invest in the Companies, potential investors are advised to read the Offer Document (which includes the Application Procedure and 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 Offers 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 in this document 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.

Investment in a VCT should be considered as 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% of its funds in qualifying investments, the tax breaks will be withdrawn and investors may be required to repay any tax relief which they have received up front. No VCT can guarantee that its investors will qualify for tax relief. Investors 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 a minimum period required to retain their initial tax relief. The tax rules and regulations governing VCTs are subject to change.

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

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

# Details of the Offers

## Amounts subscribed

Amounts subscribed may be invested equally across each of the six Albion VCTs or otherwise as directed by investors, subject to a minimum subscription of £1,000 for each Albion VCT selected. For further details, please see the Offer Document.

## Minimum investment

Minimum investment will be £6,000 per investor and applications should be in multiples of £1,000. There is no overall minimum subscription for the Offers so investors can be confident that each Offer will proceed.

## Maximum investment

Maximum investment is £200,000 per investor in VCTs in total for the current tax year.

## Investment pricing details

Investment pricing details are shown in the enclosed Offer Document. Offer costs, other than in respect of the Early Bird discounts, are 3% of the amount subscribed.

## Fees

Fees charged for managing the Albion VCTs 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 all Albion VCTs, the ratio of total normal annual running costs to net assets will be limited to 3 to 3.5 per cent depending on the VCT, with any excess being borne by the Manager through a reduction in its management fee.

**Only authorised financial intermediaries are permitted to submit an Application Form. Authorised financial intermediaries can be found through the FCA website, or through [www.unbiased.co.uk](http://www.unbiased.co.uk).**

## Payment of dividends

Payment of dividends will be direct to nominated bank accounts, and not by cheque, in order to mitigate the risk of fraud.

## Early Bird Offers:

### For existing shareholders in the Albion VCTs

Applications from existing shareholders in any of the Albion VCTs which are received before 31 January 2014, will benefit from a 1 per cent reduction in the Offer Costs.

This means that the Offer Price for each New Share will be based on the most recently announced NAV of the relevant VCT divided by 0.98, rather than 0.97 for the generality of applications.

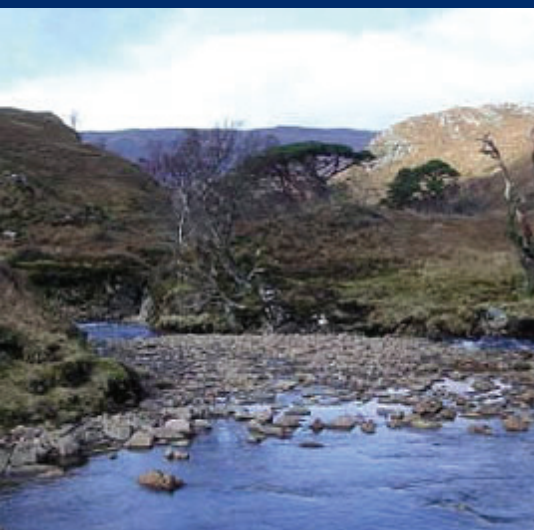
The cost of this discount will be borne by the Manager.

### For new shareholders applying by 31 January 2014

Applications from new shareholders in the Albion VCTs received before 31 January 2014 will benefit from a 0.5 per cent reduction discount so that the relevant NAV will be divided by 0.975 with the cost again being borne by Albion Ventures.



# Recent Investments



## Chonais Hydro

Chonais Hydro is a 2 MW hydro-electric power station project using “run-of-river” technology on the Allt A’Chonais, close to Loch Carron in the Scottish Highlands. The scheme will benefit from the Feed-in-Tariff regime and it is expected to generate its first electricity in Q1 2015. The installation is forecast to generate an average 7GWh of electricity per year, enough to power up to 2,000 households.

Albion is investing alongside Green Highland Renewables, one of the leading developers of small scale hydro-power in the UK, and will invest approximately £9 million.

This investment is Albion’s ninth investment into renewable energy and second investment into a hydro-electric scheme, and underlines Albion’s strategy of expanding into this sector.

“Albion has an impressive reputation in supporting businesses in the renewables sector and we are very pleased to be partnering with the team. Their investment in this project is a strong boost to realising our goal of becoming one of the leading owners and operators of small scale hydro-electric schemes in the UK. We look forward to developing this, as well as future hydro projects, in partnership with Albion.”

Ian Cartwright,  
Managing Director  
at Green Highland Renewables

## Aridhia

Aridhia is a healthcare informatics and analytics business which has developed sector-leading platforms for chronic disease management and personalised medicine. Current customers include the Ministry of Health of Kuwait, NHS Scotland and several Academic Health Science Networks in the UK.

Aridhia’s informatics platform uses big data analytics to understand the relationship between healthcare events. It maximises the use of existing data to provide healthcare professionals with insights into the quality of care delivered to a patient population with one or more chronic diseases and monitors the impact on clinical outcomes.

Albion invested £2.55 million in October 2013.

“We are excited to have gained the backing of Albion whose expertise in the healthcare IT sector convinced us that they would be ideal partners.

Given our ambitious growth plans and the size of the opportunity, it was important to partner with a firm that had both the financial resources and a clear vision of how the market will evolve.

Dr David Sibbald,  
Co-founder and Chief Executive  
of Aridhia

## For Further Information

For details of individual Albion VCT investment policies, 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 Albion VCT 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.