# ALBION TECHNOLOGY & GENERAL VCT PLC

1 King's Arms Yard, London EC2R 7AF
Registered in England and Wales Registered Number 4114310
Telephone: 020 7601 1850 Fax: 020 7601 1875
Directors: Neil Cross, Lt Gen Sir Edmund Burton KBE, Michael Hart, Patrick Reeve.

**28 May 2012**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about its content or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in Albion Technology & General VCT PLC (the **"Company"**), please send this document and the accompanying documents to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Whether or not you propose to attend the General Meeting, please complete and submit a form of proxy in accordance with the instructions printed on the enclosed form. The form of proxy must be received by our registrars no later than 12.45 pm on 20 June 2012.

**Dear Shareholder,**

**Background to and reasons for the General Meeting**

**The purpose of this circular is to explain to shareholders why a General Meeting is being convened for 12.45 pm on 22 June 2012, following the Annual General Meeting on the same date.**

The Company sent out a notice on 3 April 2012 convening its Annual General Meeting (the "**AGM**"). This notice set out a number of resolutions including special resolution number 16 proposing to reduce the share capital of the Company and cancel its capital redemption reserve and share premium account in order to create distributable reserves.

The Articles of Association of the Company set out a procedure for the conversion of C shares into Ordinary shares. With effect from 31 March 2011, the Company used that procedure to convert 36,678,643 C shares into 28,532,316 Ordinary shares. As the application of the formula set out in article 4.2 of the Articles of Association resulted in fewer Ordinary shares being issued than there had been C shares, a balance of £4,073,164 (the "**Balance**") arose. The Company recognised the Balance as an amount attributable to the capital redemption reserve. It is that reserve, along with the share premium account, that resolution 16 of the notice of the AGM proposed to cancel.

Following dispatch of the notice of the AGM, the Company received legal advice that the characterisation of the Balance arising on the conversion of C shares into Ordinary shares as attributable to the capital redemption reserve was incorrect and that the Balance ought to be have been applied in paying up share capital.

**Proposal to capitalise the Balance and cancel the Deferred Share**

After taking legal advice, the Board has decided to apply the Balance in paying up a single deferred share (the "**Deferred Share**") to be issued to a nominee and then to cancel that Deferred Share by way of a reduction of capital to be approved by the Court. This Deferred Share would be of nil value to the holder and will have no impact on shareholders as a whole.

In order to complete this process, the Company has been advised that it will be necessary for it to obtain the consent of its shareholders. Furthermore, as the resolution to reduce capital proposed in the notice of the AGM referred to the capital redemption reserve rather than the Deferred Share, it will be necessary for that resolution to be put to shareholders in the form of the revised notice of general meeting attached to this document (the "**General Meeting**"). The only distinction between resolution 4 in the attached notice of General Meeting and resolution 16 set out in the notice of the AGM is that the notice of General Meeting provides for the cancellation of the Deferred Share in addition to the cancellation of the amount standing to the credit of the capital redemption reserve and share premium account. In all other respects, the scope and consequence of the reduction and the procedure necessary to bring it into effect are as explained in the notice of the AGM.

Given that resolution 16 in the notice of the AGM does not include the cancellation of the Deferred Share, the Company has been advised that it would not obtain the approval of the Court to the reduction of capital proposed by that resolution. In those circumstances, and given that it would be ineffective if passed, the board proposes that, with the consent of the shareholders, the resolution should not be put to a vote at the AGM.

The Board believes that all the proposals to be considered at the General Meeting are in the best interests of both the Company and its shareholders. The Board recommends that you vote in favour of the proposed resolutions as they intend to do in respect of their own holdings.

**Risks relating to the reduction of capital and cancellation of the capital redemption reserve and share premium account**

There is a risk that the Court may not grant an order confirming the reduction of share capital and cancellation of the capital redemption reserve and share premium account because the Balance had been incorrectly characterised as attributable to the capital redemption reserve. If the Court does not grant an order, there is a risk that the Company may be required to reverse the conversion of C shares into Ordinary shares. This could lead to significant cost to the Company and may take an extended period of time to complete.

**Explanation of business**

The Notice contains certain items of business which are of a technical nature and are therefore explained below.

**Resolution 1 – capitalisation of the Balance**

The Board proposes that the Balance which arose from the conversion of the C shares into Ordinary shares be applied in paying up a single Deferred Share of £4,073,164 to be issued to Albion Ventures LLP. The Deferred Share shall have no voting rights, no right to receive a dividend or any other form of income from the Company and shall be entitled to receive on a winding-up or other repayment of capital the sum of £0.01 (once each and every Ordinary share of the Company shall have received not less than £1 million per share). The Company shall be entitled to cancel the Deferred Share without the consent of the holder of that share and without making any payment to holder.

**Resolution 2 – authority to allot**

The Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority in Resolution 2 will allow your Directors to allot the Deferred Share to Albion Ventures LLP.

**Resolution 3 – disapplication of pre-emption rights**

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot any shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. Resolution 3 asks shareholders to waive their pre-emption rights in relation to the issue of the Deferred Share to Albion Ventures LLP, and the authority will be limited to the issue of the Deferred Share with a nominal amount of £4,073,164.

**Resolution 4 – reduction of share capital**

Special resolution number 4 is a proposal by the Board to increase the Company's distributable reserves by way of a reduction of the Company's share capital and cancellation of its capital redemption and share premium reserves, subject to shareholder approval and confirmation by the Court.

The Company's distributable reserves are used for the payment of dividends, for share buy-backs and for other corporate purposes. Subject to any creditor protection demanded by the Court (see below), the proposed reduction of share capital and cancellation of its capital redemption and share premium reserves will create additional distributable reserves of approximately £27.6 million .

It is the Board's policy to pay regular and predictable dividends to shareholders as the Directors believe that this is a key source of shareholder value. The Company also has a policy of buying back its own shares for cancellation or for holding as treasury shares, when such purposes are considered to be to the advantage of the Company and shareholders as a whole. These shares are purchased at a discount to Net Asset Value which enhances the Company's Net Asset Value per share.

As there is nothing in the Company's Articles prohibiting it from doing so, the Company may reduce its share capital and cancel its capital redemption and share premium reserves by obtaining the approval of shareholders by special resolution. If the special resolution is approved by shareholders, the Company will apply to Court for a Court Order and this is expected to take place during July 2012. The Court may require the Company to protect the interests of the creditors of the Company and the Company can confirm that it will seek approval from all creditors to this proposal. The main creditors as at the date of filing with the court, namely the Manager and Berwin Leighton Paisner have already given their consent to the Proposal.

Yours faithfully

Neil Cross
Chairman
Albion Technology & General PLC

# Notice of General Meeting

# Albion Technology & General VCT PLC

NOTICE IS HEREBY GIVEN that a General Meeting of Albion Technology & General VCT PLC ('the Company') will be held at the City of London Club, 19, Old Broad Street, London EC2N 1DS on 22 June 2012 at 12.45 pm for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 and 2 will be proposed as Ordinary resolutions and numbers 3 and 4 as special resolutions.

**Ordinary Business**

1. That the amount of £4,073,164 representing the difference between the aggregate nominal value of the C shares cancelled and the aggregate nominal value of the ordinary shares issued arising as a result of the conversion undertaken on 31 March 2011 pursuant to article 4.2 of the Articles of Association of the Company be applied in paying up a single Deferred Share of £4,073,164, such Deferred Share to be issued to Albion Ventures LLP. The Deferred Share shall have no voting rights, no right to receive a dividend or any other form of income from the Company and shall be entitled to receive on a winding-up or other repayment of capital the sum of £0.01 (once each and every Ordinary share of the Company shall have received not less than £1 million per share). The Company shall be entitled to cancel the Deferred Share without the consent of the holder of that share and without making any payment to holder.
2. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot one deferred share of a nominal value of £4,073,164 pursuant to the passing of resolution 1 provided that this authority shall expire 18 months from the date that this resolution is passed, or, if earlier, the conclusion of the next annual general meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if this authority had not expired.

**Special Business**

3. That, subject to, pursuant to the authority and conditional on the passing of resolution 2, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of s560 of the Act) for cash pursuant to the authority conferred by resolution 2 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of one deferred share of a nominal value of £4,073,164.

   This authority shall expire 18 months from the date that this resolution is passed or, if earlier, the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such an expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.
4. That:

   (a) the share capital of the Company be reduced by cancelling and extinguishing 49 pence of the amount paid up or credited as paid up on each of the Ordinary shares of 50 pence each in the capital of the Company which are in issue at 6 pm on the day before the date of the final hearing of the Company's application to reduce its share capital and cancel its capital redemption reserve and share premium account (the "**Final Hearing**");

   (b) the share capital of the Company be reduced by cancelling and extinguishing for no consideration the Deferred Share of £4,073,164; and

   (c) the amount standing to the credit of capital redemption and share premium account of the Company at 6pm on the day before the date of the Final Hearing be and is hereby cancelled.

By order of the Board
Albion Ventures LLP
Company Secretary
Registered Office
1, Kings Arms Yard
London, EC2R 7AF
28 May 2012
Registered in England and Wales with the number 4114310

**Notes**

1. Members entitled to attend, speak and vote at the General Meeting ("GM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:

- completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ:
- going to www.computershare.co.uk and following the instructions provided there; or
- by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. You may not use any electronic address provided in the Notice of this GM to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 12.45 pm on 20 June 2012.

2. Any person to whom this Notice is sent who is a person nominated under section 146 Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the GM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the GM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 12.45 pm on 20 June 2012 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this GM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by 12.45 pm on 20 June 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

6. A copy of this Notice, and other information regarding the GM, as required by section 311A Companies Act 2006, is available from www.albion-ventures.co.uk under the "Our Funds", Albion Technology & General VCT PLC, Financial Reports and Circulars section.

7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

8. As at 28 May 2012 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 45,417,290 Ordinary shares carrying one vote each. The Company also holds 4,529,000 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 28 May 2012 are 40,888,290.