

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Albion Technology & General VCT PLC (the Company), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Application has been made to the UKLA for the New Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its main market for listed securities. The New Shares will rank *pari passu* with the existing issued Shares from the date of issue.

SGH Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and Albion Income & Growth VCT PLC and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and no-one else (subject to the responsibilities and liabilities imposed by the FSMA or the regulatory regime thereunder) and will not be responsible to any other person for providing the protections afforded to customers of Howard Kennedy Corporate Services LLP in providing advice or in relation to any matters referred to in this document.

ALBION TECHNOLOGY & GENERAL VCT PLC

(Registered in England and Wales with registered number 04114310)

Recommended proposals to:

- **merge with Albion Income & Growth VCT PLC by acquiring all of its assets and liabilities**
- **approve revised performance incentive arrangements**
- **amend the cap on directors' remuneration in the articles of association of the Company**
- **renew and increase the general authority to issue and repurchase shares**
- **cancel the share premium account and the capital redemption reserve**

Your attention is drawn to the letter from the Chairman of the Company set out in Part II of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the risk factors set out in Part IV of this document.

You will find set out at the end of this document notice of a General Meeting to be held at 10.00 a.m. on 4 November 2013 at The City of London Club, 19 Old Broad Street, London EC2N 1DS to approve resolutions to effect the proposals contained herein.

To be valid, the form of proxy enclosed with this document should be returned by 5.30 p.m. on 31 October 2013 or not less than 48 hours before any adjournment of the General Meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. For further information on the General Meeting or the completion and return of a form of proxy, please telephone Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 873 5854 or, if telephoning from outside the UK, on +44 870 873 5854. Calls to Computershare Investor Services PLC helpline (0870 873 5854) are charged at national rates. Further details will be available from your service provider. Calls to Computershare Investor Services PLC from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

For further information, Shareholders are recommended to read the prospectus issued by the Company dated 10 October 2013 which accompanies this document for information purposes (other than in respect of Shareholders with a registered address in an overseas jurisdiction).

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CORPORATE INFORMATION

Directors	Dr Neil Cross (<i>Chairman</i>) Lt Gen Sir Edmund Burton Modwenna Rees-Mogg Patrick Reeve (<i>all of the registered office</i>)
Proposed Directors	Robin Archibald Mary Anne Cordeiro
Registered Office	1 King's Arms Yard London EC2R 7AF Telephone: 020 7601 1850 Website: www.albion-ventures.co.uk
Company Number	04114310
Investment Manager, Administrator and Company Secretary	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
Solicitors	SGH Martineau LLP No. 1 Colmore Square Birmingham B4 6AA
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Sponsor	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW

EXPECTED TIMETABLES

EXPECTED TIMETABLE FOR THE COMPANY

Latest time for receipt of forms of proxy for the General Meeting	5.30 p.m. on 31 October 2013
General Meeting	10.00 a.m. on 4 November 2013
Calculation Date	5.00 p.m. on 14 November 2013
Effective Date for the transfer of the assets and liabilities of AAIG to the Company and the issue of New Shares pursuant to Scheme*	15 November 2013
Announcement of the results of the Scheme	15 November 2013
Admission of and dealings in New Shares issued pursuant to the Scheme to commence	18 November 2013
CREST accounts credited with New Shares issued pursuant to the Scheme	18 November 2013
Certificates for New Shares issued pursuant to the Scheme dispatched	22 November 2013

(*this will, therefore, be the final expected date of trading of the AAIG Shares)

EXPECTED TIMETABLE FOR AAIG

Date from which it is advised that dealings in AAIG Shares should only be for cash settlement and immediate delivery of documents of title	25 October 2013
Latest time for receipt of forms of proxy for the AAIG First General Meeting	5.30 p.m. on 31 October 2013
AAIG First General Meeting	11.30 a.m. on 4 November 2013
Latest time for receipt of forms of proxy for the AAIG Second General Meeting	10.00 a.m. on 13 November 2013
Calculation Date	5.00 p.m. on 14 November 2013
AAIG register of members closed and Record Date for AAIG Shareholders' entitlements under the Scheme	5.30 p.m. on 14 November 2013
Dealings in AAIG Shares suspended	7.30 a.m. on 15 November 2013
AAIG Second General Meeting	10.00 a.m. on 15 November 2013
Effective Date for the transfer of the assets and liabilities of AAIG to the Company and the issue of New Shares pursuant to the Scheme*	15 November 2013
Announcement of the results of the Scheme	15 November 2013
Cancellation of the AAIG Shares' listing	8.00 a.m. on 13 December 2013

(*see the timetable for the Company with regard to admission, CREST accounts being credited and certificates being dispatched)

PART I

DEFINITIONS

“AAIG”	Albion Income & Growth VCT PLC, registered in England and Wales under number 05132495, whose registered office is at 1 King’s Arms Yard, London EC2R 7AF
“AAIG Board”	the board of directors of AAIG
“AAIG Circular”	the circular to AAIG Shareholders dated 10 October 2013
“AAIG First General Meeting”	the general meeting of AAIG to be held on 4 November 2013 (or any adjournment thereof)
“AAIG Half-Yearly Report”	the unaudited half-yearly report of the Company for the six month period ended 31 March 2013
“AAIG Meetings”	the AAIG First General Meeting and the AAIG Second General Meeting
“AAIG Second General Meeting”	the general meeting of AAIG to be held on 15 November 2013 (or any adjournment thereof)
“AAIG Shareholders”	holders of AAIG Shares (and each an “AAIG Shareholder”)
“AAIG Shares”	ordinary shares of 1 penny each in the capital of AAIG (and each an “AAIG Share”)
“Albion”	Albion Ventures LLP, the investment manager of the Company and AAIG, of 1 King’s Arms Yard, London EC2R 7AF
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“CA 1985”	the Companies Act 1985, as amended
“CA 2006”	the Companies Act 2006, as amended
“Calculation Date”	the date on which the Roll-Over Value and the Merger Value will be calculated, anticipated as being the close of business on 14 November 2013
“Circular”	this document
“Companies”	the Company and AAIG
“Company”	Albion Technology & General VCT PLC
“Directors”	the directors of the Company (and each a “Director”)
“Effective Date”	the date on which the Scheme will be completed, anticipated as being 15 November 2013
“Enlarged Company”	the Company, following implementation of the Scheme
“FCA”	the Financial Conduct Authority

“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held on 4 November 2013 (or any adjournment thereof)
“Half-Yearly Report”	the unaudited half-yearly report of the Company for the six month period ended 30 June 2013
“HMRC”	Her Majesty’s Revenue & Customs
“Howard Kennedy”	Howard Kennedy Corporate Services LLP, which is recognised and regulated by the FCA and is a UKLA registered sponsor
“IA 1986”	the Insolvency Act 1986, as amended
“ITA 2007”	the Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Keith Allan Marshall of Baker Tilly Business Services Limited, 2 Wellington Place, Leeds LS1 4AP, being the proposed liquidators for AAIG
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange PLC
“Merger Ratio”	the Roll-Over Value divided by the Merger Value rounded down to four decimal places
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Value”	the value of a Share calculated in accordance with paragraph 4 of Part III of this document
“NAV” or “net asset value”	net asset value
“New Shares”	the Shares to be issued by the Company to AAIG Shareholders in accordance with the Scheme (and each a “New Share”)
“Official List”	the official list of the UKLA
“Proposals”	the proposals to acquire the assets and liabilities of AAIG pursuant to the Scheme, approve the revised Performance Incentive Arrangement and pass the Resolutions
“Proposed Directors”	Robin Archibald and Mary Anne Cordeiro (and each a “Proposed Director”)
“Prospectus”	the prospectus issued by the Company dated 10 October 2013
“Record Date”	the record date to which entitlements will be allocated pursuant to the Scheme, anticipated as being 14 November 2013
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”)
“Revised Performance Incentive Arrangement”	the proposed revised performance incentive arrangement between the Company and Albion as described on pages 12 to 14
“Roll-Over Value”	the value of an AAIG Share calculated in accordance with paragraph 4 of Part III of this document

“RPI”	the retail prices index as compiled by the Office for National Statistics (or any replacement thereof)
“Scheme”	the proposed merger of the Company and AAIG by means of placing AAIG into members’ voluntary liquidation pursuant to section 110 of IA 1986 and the acquisition by the Company of all of AAIG’s assets and liabilities in consideration for New Shares, further details of which are set out in Part III of this document
“Shareholders”	holders of Shares (and each a “Shareholder”)
“Shares”	ordinary shares of 1 penny each in the capital of the Company (and each a “Share”)
“TCGA 1992”	the Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreement”	the agreement between the Company and AAIG (acting through the Liquidators) for the transfer of all of the assets and liabilities of AAIG by the Liquidators to the Company pursuant to the Scheme
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts

PART II

LETTER FROM THE CHAIRMAN

ALBION TECHNOLOGY & GENERAL VCT PLC

(Registered in England and Wales with registered number 04114310)

Directors:

Dr Neil Cross (*Chairman*)
Lt Gen Sir Edmund Burton KBE
Modwenna Rees-Mogg
Patrick Reeve

Registered Office:

1 King's Arms Yard
London
EC2R 7AF

10 October 2013

Dear Shareholder

Recommended proposals to merge with Albion Income & Growth VCT PLC (AAIG) by acquiring all of its assets and liabilities, approve revised performance incentive arrangements, amend the cap on directors' remuneration in the articles of association of the Company, renew and increase the general authority to issue and repurchase shares and cancel the share premium account and the capital redemption reserve.

The Board and the AAIG Board announced on 8 August 2013 that they had agreed in principle to merge the Companies. I am pleased to advise Shareholders that discussions have now concluded and the purpose of this letter is to set out the proposals for such a merger for consideration by Shareholders, which the Board believes is in the best interests of Shareholders. The merger is expected to deliver cost savings and benefits to both sets of shareholders and will, if effected, result in an Enlarged Company with net assets of over £60 million.

The approval of Shareholders is required under CA 2006 and the Articles to authorise the allotment of New Shares pursuant to the merger, amend the cap on directors' remuneration in the articles of association of the Company, renew and increase the annual authorities to issue and repurchase shares and cancel the Company's share premium account and capital redemption reserve. Approval from Shareholders is also required under the Listing Rules to approve revised performance incentive arrangements with Albion, which constitutes a related party transaction between the Company and Albion (the investment manager of the Company).

A specific resolution to approve the acquisition of the assets and liabilities of AAIG to effect the merger is not required. However, in light of the nature of the Proposals, the Board believes it appropriate to include this as part of Resolution 1 to be proposed at the General Meeting.

Illustrative Terms

As an illustration, had the merger been completed on 30 June 2013, every AAIG Share in issue would effectively have been exchanged for 0.7947 New Shares (taking into account share buybacks in the Companies between 30 June 2013 and 9 October 2013 and the dividend of 2.5 pence per Share to be paid by the Company on 31 October 2013). The actual Merger Ratio will be calculated based on the relative net asset values of the Companies (adjusted for merger costs) immediately prior to the Effective Date of the merger (expected to be 15 November 2013) on the Calculation Date (this being 14 November 2013) in accordance with the merger terms set out in paragraph 4 of Part III of this Circular.

Background

The Company (formerly Close Technology & General VCT PLC) was launched in December 2000 and raised funds through the issue of ordinary shares. The Company subsequently raised further funds through an issue of C shares in 2006. The C shares were merged with the ordinary shares in 2011, resulting in the Shares now in issue.

As at 30 June 2013, the Company had unaudited net assets of £36.2 million (84.6 pence per Share) and venture capital investments in 42 companies with a carrying value of £34.2 million. The unaudited net asset value total return per Share to Shareholders as at 30 June 2013 for every £1 invested at launch is set out in the table below:

	Shares	Former C shares**
Total dividends paid*	73.5 pence	21.1 pence
Unaudited NAV	<u>84.6 pence</u>	<u>65.8 pence</u>
Unaudited net asset value total return since launch	<u>158.1 pence</u>	<u>86.9 pence</u>

* Dividends paid per Share since launch. In addition to the total dividends paid in the table above, the Board has declared a second dividend for the current financial year of 2.5 pence per Share to be paid on 31 October 2013 to Shareholders on the register on 4 October 2013.

** The former C shares were merged into the Shares in 2011.

Albion Income & Growth VCT PLC (formerly Close Income & Growth VCT PLC) was launched in August 2004. As at 30 June 2013, AAIG had unaudited net assets of £28.6 million (65.3 pence per AAIG Share) and venture capital investments in 38 companies with a carrying value of £26.3 million. The unaudited net asset value total return per AAIG Share to AAIG Shareholders as at 30 June 2013 for every £1 invested at launch is set out in the table below:

	AAIG Shares
Total dividends paid*	26.7 pence
Unaudited NAV	<u>65.3 pence</u>
Unaudited net asset value total return since launch	<u>92.0 pence</u>

* Dividends paid per AAIG Share since launch.

Both of the Companies have essentially the same investment policy, with the overall aim of providing investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth. As a result, the venture capital investments which are common across the Companies' respective portfolios represented approximately 92.9 per cent. of the aggregate value of the venture capital investments of the combined portfolio as at 30 June 2013 (36 out of 44 in respect of the number of venture capital investments across the combined portfolio). The Board and the AAIG Board believe that the difference in performance of the Companies is largely attributable to the point in the economic cycle when investments were made.

VCTs are required to be listed on a European Union/European Economic Area regulated market. The Companies are, therefore, listed on the premium segment of the Official List, which involves a significant level of listing costs, as well as related fees to ensure they comply with all relevant legislation. A larger VCT should be better placed to spread such running costs, which have increased significantly over time, across a larger asset base and, as a result, may be able to maximise investment opportunities and pay a higher level of dividends to shareholders over its life.

In September 2004, the Merger Regulations were introduced allowing VCTs to be acquired by, or merge with, each other without prejudicing the VCT tax reliefs obtained by their shareholders. A number of VCTs (including other VCTs managed by Albion) have taken advantage of these regulations to create larger VCTs for economic and administration efficiencies.

With the above in mind, the Board entered into discussions with AAIG and Albion to consider a merger of the Company and AAIG to create a single, larger VCT. The aim of the boards of the Companies is to create a more stable and resilient base for providing long-term returns to shareholders and to achieve benefits and reductions in the annual running costs for both sets of shareholders.

Following detailed consideration of the portfolios, the financial position of the Company and AAIG and the principles on which any merger should be effected, the Board and the AAIG Board have reached agreement to put proposals to their respective shareholders to merge the Companies.

The Merger

The mechanism by which the merger will be completed is as follows:

- AAIG will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of IA 1986; and
- all of the assets and liabilities of AAIG will be transferred to the Company in consideration for the issue of New Shares (which will be issued directly to AAIG Shareholders).

The merger will be completed on a relative net asset value basis, adjusted for merger costs. The merger is conditional upon the approval by the shareholders of the Company and of AAIG of resolutions to be proposed at the General Meeting and the AAIG Meetings respectively, and the other conditions set out in paragraph 8 of Part III of this document.

The merger will result in the creation of an enlarged company and should result in savings in running costs and simpler administration. As both Companies have essentially the same investment policy, investment manager and other main advisers, this is achievable without major additional cost or disruption to the Companies and their combined portfolio of investments.

The Board considers that this merger will bring a number of benefits to both groups of shareholders through:

- participation in a more substantial VCT with assets of over £60 million, resulting in a more stable and resilient base for providing long-term returns for shareholders;
- amalgamation of the Companies' portfolios, which are substantially the same, for efficient management and administration and a reduction in annual running costs for the Enlarged Company compared to the total annual running costs of the separate Companies;
- enhancing the potential for the Enlarged Company to raise new funds, as well as pay dividends and support buybacks in the future, whilst potentially increasing liquidity for shareholders; and
- consolidating the shareholdings for the substantial number of shareholders who have holdings in both Companies.

In support of the proposals, Albion has agreed, subject to the merger becoming effective, to reduce the Company's annual running costs cap from an amount equal to 3.5 per cent. of the net assets of the Company to an amount equal to 3 per cent. of the net assets of the Enlarged Company. In addition, the changes to the VCT investment limits and size test, in particular the removal of the £1 million per annum investment limit per VCT in an investee company (effective for investments made on or after 6 April 2012), reduces the need for co-investment between sister VCTs to participate in larger investments.

Normal annual running costs for the Company and AAIG are approximately £1,116,000 and £928,000 respectively (£2,044,000 in aggregate). Normal running costs means the annual expenses incurred in the ordinary course of business including investment management and administration fees, directors' remuneration, listing fees and normal fees payable to service providers. It does not include exceptional items, for example merger costs or performance fees if earned. These annual costs represent approximately 3.1 per cent. of the Company's unaudited net assets and 3.2 per cent. of AAIG's unaudited net assets, in each case as at 30 June 2013.

The aggregate anticipated cost of undertaking the merger is approximately £325,000, including VAT, legal and professional fees, stamp duty and the costs of winding up AAIG. The costs of the merger will be split proportionately between the Company and AAIG by reference to their respective merger net assets at the Calculation Date (ignoring merger costs).

On the assumption that the net assets of the Enlarged Company will remain the same immediately after the merger, annual cost savings for the Enlarged Company are estimated to be approximately £182,000 per annum (this represents a saving of £83,000 in respect of directors' fees, £62,000 for registrars, auditors and tax compliance fees, with the balance of the savings being made up of regulatory fees, insurance and printing costs and general day-to-day expenses). The expected annual cost saving of £182,000 would represent 0.3 per cent. of the expected net assets of the Enlarged Company. On this basis, and assuming

that no new funds are raised or investments realised to meet annual costs, the Board believes that the costs of the merger would be recovered within 22 months.

The Board believes that the Scheme provides an efficient way of merging the Companies with a lower level of costs compared with other merger routes. Although either of the Companies could have acquired all of the assets and liabilities of the other, the Company was selected as the acquirer because of its larger size, which would result in a lower amount of stamp duty compared with AAIG being the acquiring VCT. The merger by way of the Scheme will be outside the provisions of the City Code on Takeovers and Mergers.

As is required by CA 2006, prior to the allotment of the New Shares pursuant to the Scheme, the Company will be posting to AAIG Shareholders at their registered addresses and uploading on to the Company's website a valuation report which will be prepared by Scott-Moncrieff. This report will confirm to the Company that the value of AAIG's assets and liabilities which are being transferred to the Company as part of the Scheme is not less than the aggregate amount treated as being paid up on the New Shares being issued to AAIG Shareholders.

The portfolio of assets which will be transferred from AAIG to the Company as part of the Scheme are all considered to be in line with the Company's investment policy, particularly as AAIG only holds shares in two companies in which the Company has not made an investment. The extent of the liabilities (if any) which will be transferred from AAIG to the Company as part of the merger will be those which are incurred in the ordinary course of business, together with the merger costs which remain unpaid at the time of transfer. Any such liabilities are expected to be nominal in comparison to the value of the assets being acquired.

AAIG Shareholders who do not vote in favour of the resolution to be proposed at the AAIG First General Meeting are entitled to dissent and have their shareholding in AAIG purchased by the Liquidators at the break value price of an AAIG Share (expected to be at a significant reduction to the net asset value of an AAIG Share). If the conditions of the Scheme are not satisfied, the Company will continue in its current form.

Further information regarding the terms of the Scheme is set out in Part III of this document.

The Board

The Board has four non-executive directors: Dr Neil Cross (Chairman), Lt Gen Sir Edmund Burton, Modwenna Rees-Mogg and Patrick Reeve.

The Board and the AAIG Board have considered what the size and future composition of the Enlarged Company's board should be following the merger and it has been agreed that to facilitate the merger Lt Gen Sir Edmund Burton will step down as a director of the Company and that Robin Archibald and Mary Anne Cordeiro (directors of AAIG) will be appointed as directors of the Company. Albion has agreed, subject to the merger becoming effective, that no fees will be charged going forward for the services of Patrick Reeve as a director of the Company. The rest of the Board will each be paid, subject to Shareholders approving the amendment to the Company's Articles (as further detailed below), £19,000 per annum from the Effective Date of the merger (subject to the merger becoming effective), recognising the fact that neither board has increased their remuneration since launch of their respective company. This will result in reducing the aggregate number of directors from seven across both Companies to five for the Enlarged Company, of which only four will be paid, with an aggregate annual cost saving of approximately £83,000 (inclusive of National Insurance and VAT).

On the assumption that the merger is approved, the Board would like to take the opportunity to welcome Robin Archibald and Mary Anne Cordeiro as directors and to thank Lt Gen Sir Edmund Burton for his considerable commitment and guidance to the Company over many years.

Dividends

The dividend objective of the Board is to provide Shareholders with a strong, predictable dividend flow, with a dividend target of 5 pence per year.

The Board has declared a second dividend for the current year of 2.5 pence per Share to be paid on 31 October 2013 to Shareholders on the register on 4 October 2013. As the Effective Date for the merger

is 15 November 2013, the New Shares to be issued to AAIG Shareholders will not receive this dividend but thereafter will rank *pari passu* with existing Shares.

The Company has historically paid dividends at the end of April and October, while AAIG has historically paid dividends at the end of January and June. Assuming completion of the merger, the Board intends to pay quarterly dividends at the end of January, April, June and October, while targeting a similar annual level of dividend to that currently paid. On that basis, the objective will be to pay four dividends in each year of 1.25 pence per Share.

Annual Investment Management and Administration Arrangements

Albion is the investment manager of the Company and of AAIG and also provides administration services to both Companies. Albion's appointment is terminable on 12 months' notice.

In respect of the Company, Albion is entitled to an annual fee for investment management and administration services of an amount equal to 2.5 per cent. of the net assets of the Company (plus VAT, if any). The normal annual running costs of the Company (including investment management and administration fees due to Albion, directors' remuneration, registrars' fees, stockbrokers' fees, company secretarial fees, fees of the Company's auditors and irrecoverable VAT, but excluding exceptional items and performance incentive fees) are capped at an amount equal to 3.5 per cent. of the net assets of the Company, with any excess being paid by Albion or refunded by a reduction in Albion's management and administration fee.

In respect of AAIG, equivalent arrangements apply in respect of annual investment and administration fees and an annual expenses cap.

Albion will continue to provide annual investment management and administration services to the Enlarged Company following the merger on the same basis as is currently in place with the Company, save that Albion has agreed, subject to the merger becoming effective, to reduce the annual running costs cap to an amount equal to 3 per cent. of the net assets of the Enlarged Company.

Performance Incentive Arrangements

The boards of both Companies believe that an effective management performance incentive is in the interests of shareholders. The Companies' current incentives were designed at the time of their respective original launches and, due to their high hurdle rate, are now markedly out of line with the market. In particular, they did not take into account the way in which VCTs are structured, including their need to hold cash.

The Board has reviewed its management performance incentive arrangements in light of the proposed merger, VCT market practice and performance to date, and proposes, subject to the approval of Shareholders, to introduce a revised arrangement, which both reduces the hurdle and reduces the proportion of the excess performance that is payable to Albion. In their review, the Board took account of Albion's agreement to reduce the annual running costs cap to an amount equal to 3 per cent. of the net assets of the Enlarged Company, from the current cap of 3.5 per cent. of net assets.

The overriding principle of the new arrangements, which the Board believes should continue, is that the starting point from which performance is measured should be the 100 pence per share at which investors subscribed under the original offers for subscription for each class of share in the Company and, if the merger is effected, AAIG. However, the new performance incentive arrangements vary from the existing arrangements in three material respects: they will reduce the proportion of any outperformance above the performance hurdle that would be payable to Albion; they introduce a new performance hurdle; and they will apply a new method of fee calculation to take account of the different initial subscription dates and the net asset values of the two Companies.

Assuming the proposed merger is effected, the Shares will be represented by three separate share class launches, each subscribed in a different year. The performance hurdle under the revised performance incentive arrangement will, therefore, be applied against the capital of the Enlarged Company in proportion to the unaudited net assets immediately following the merger attributable to each class originally raised and

will be measured against the total return (NAV plus dividends paid) applicable to each of those original share classes.

It is proposed that (i) the amount of the performance incentive fees be reduced, from 20 per cent. currently, to 15 per cent. of the amount by which the net asset value and aggregate dividends exceed 100 pence per share as increased by the hurdle and (ii) the hurdle be amended to RPI plus 2 per cent. per annum (uncompounded) from the date of first admission to the Official List of the relevant class of share. Any such amount would be reduced by previous performance incentive fees paid.

The Board considers that a return based on RPI is a more relevant measure for a long-term savings product such as a VCT investment in a potentially inflation-prone environment, whereas the current 8 per cent. hurdle is typically used by larger unquoted private equity funds which do not hold uninvested cash and which do not incur the costs associated with being a listed company. In recommending this change, however, the Board felt it was also appropriate to reduce the overall proportion of the excess performance that could be paid by the Company to Albion.

The aim of the proposed revised performance incentive arrangement is to adjust the hurdle to a more realistic level and one which is more consistent with VCT market practice, whilst still retaining the principle that Albion should only be rewarded if shareholders have experienced satisfactory returns since launch. Importantly, investment performance would still have to improve by some considerable margin before any fees would be paid. This reflects the confidence of the Board and Albion in the longer term prospects for the portfolio of the Company or, as the case may be, the Enlarged Company.

If the merger is not effected, the performance hurdle will be applied against the capital of the Company in proportion to the unaudited net assets attributable to the original ordinary shares and the former C shares as at the time such share classes were merged. Should Shareholders not approve the revised arrangements, the Company will continue under the existing performance incentive arrangement, with the existing arrangement applying across the enlarged share capital of the Enlarged Company, if the merger is effected.

Example

Based on the unaudited net asset values of the Company and AAIG as at 30 June 2013, the proportion of capital in the Enlarged Company (i.e. assuming the merger is effected) to be allocated against each original share class performance hurdle would be as follows:

<i>Share class</i>	<i>First admission to the Official List</i>	<i>Share class merger percentage of net assets (%)</i> [*]	<i>Unaudited net asset value as at 30 June 2013 (£million)</i>	<i>Illustrative proportion of Enlarged Company (%)</i> ^{**}
Original ordinary shares	2001	32.9	£11.9	18.4
Former C shares	2006	67.1	£24.3	37.5
		100.0	£36.2	55.9
AAIG Shares	2004		£28.6	44.1
Total			£64.8	100.0

^{*} The net assets of the Company attributable to the original ordinary shares and the former C shares will be split by reference to the percentage of net assets each share class represented at the time they were merged.

^{**}The percentage of net assets each share class represents in the Enlarged Company will be determined by reference to the unaudited net assets immediately following the merger (and will not be adjusted for Shares issued pursuant to top up offers or the dividend reinvestment scheme).

The following table shows the actual return (unaudited) to 30 June 2013 for each fundraising, compared to the proposed and existing hurdles:

	<i>Current unaudited total return as at 30 June 2013 (pence)</i>	<i>Proposed hurdle as at 30 June 2013 (pence)</i>	<i>Existing hurdle as at 30 June 2013 (pence)</i>
Original ordinary shares	158.1	170.9	200.0
Former C shares*	86.9	144.1	160.0
AAIG Shares**	92.0	149.9	196.2

* The former C shares merged with the original ordinary shares on the basis of 0.7779 Shares per former C share. The former C share total return comprises NAV per Share and dividends paid per Share after the merger of the two share classes, both multiplied by 0.7779, together with dividends paid per former C share prior to that merger.

**The total return per AAIG Share, assuming the merger is effected, will be measured on the same principles as the former C shares, using the Merger Ratio at the Effective Date.

Any performance incentive fees payable would be calculated based against the proposed hurdles and in respect of the relevant proportion of the Enlarged Company for each original share class.

This can be illustrated as follows, assuming an actual total return (NAV plus dividends) of 20 pence per Share higher than set out above (equivalent to 15.6 pence per former C share, based on the former C share conversion rate of 0.7779, and 15.9 pence per AAIG Share, based on the illustrative Merger Ratio of 0.7947):

	<i>Illustrative total return (pence)</i>	<i>Proposed hurdle (pence)</i>	<i>Excess return (pence)</i>	<i>15% of excess return (pence)</i>	<i>Proportion of Enlarged Company (%)</i>	<i>Resulting fee per share (pence)</i>
Original ordinary shares	178.1	170.9	7.2	1.1	18.4	0.2
Former C shares	102.5	144.1	N/A	N/A	37.5	N/A
AAIG Shares	107.9	149.9	N/A	N/A	44.1	N/A

The resulting performance fee would have been approximately 0.2 pence per Share (being 15 per cent. of the excess return multiplied by 18.4 per cent., being the relevant proportion of the Enlarged Company). Based on the current number of Shares and the illustrative number of New Shares, the performance fee payable, before deducting performance fees already paid, would have amounted to approximately £153,000. Previous performance incentive fees paid have amounted to approximately £63,500 in aggregate (in respect of historic outperformance of the original ordinary shares).

The Board and the AAIG Board are of the opinion that the revised performance incentive arrangement with Albion is appropriate for the Enlarged Company going forward. If the revised arrangements are not approved by Shareholders, the existing arrangements will continue to apply, with the arrangements applying across the enlarged share capital of the Enlarged Company.

Amendment to the Articles

As detailed above, it is proposed that the Directors' annual remuneration for the Enlarged Company be increased from £17,500 to £19,000 each. The aggregate Directors' remuneration would, therefore, amount to £76,000 per annum. Since the Articles currently have a cap on directors' remuneration of £75,000, it is proposed to seek Shareholder authority (in accordance with CA 2006 and the Articles) pursuant to Resolution 2 to increase this cap to £100,000.

Share Issue and Buyback Authorities

In order to implement the merger, the Board will need to be authorised to issue New Shares pursuant to the Scheme.

The Company also proposes at the General Meeting pursuant to Resolutions 3 to 5 to renew and increase its authorities to issue Shares (having disapplied pre-emption rights) for general purposes and make market purchases of Shares reflecting the increased share capital of the Company following the merger. These are general annual authorities taken each year.

Cancellation of the Share Premium Account and the Capital Redemption Reserve

One of the main principles of company law is that the capital of a company should be maintained and, therefore, a company with share capital must obtain proper consideration for the shares that it issues and must not return funds which have been subscribed for shares except in certain prescribed ways. The principle of maintenance of capital underlies various provisions of CA 2006 – for example, a company may only make distributions to its members out of distributable profits and a company may only buy back its own shares in limited circumstances.

A company can, however, reduce its share capital in circumstances where creditors will not be adversely affected, provided that the company complies with certain procedural requirements. CA 2006 provides that a company may reduce its capital by special resolution, subject to confirmation by the Court. A special reserve will then be created from the sums set free from such a cancellation which can be regarded as a distributable reserve.

The Company has completed previous cancellations of its share premium, and the special reserve created by such cancellations has enhanced the ability of the Company to make distributions and buy back Shares. Further share premium has been created over time through the issue of shares pursuant to top up offers. Capital redemption reserves have also been created from the Company purchasing shares under the buyback policy. In addition, the issue of New Shares pursuant to the Scheme will result in the creation of further share premium.

The Board considers it prudent to take the opportunity to seek approval of Shareholders at the General Meeting pursuant to Resolution 6 for the cancellation of the share premium account and the capital redemption reserve (subject to the sanction of the Court).

The sums set free by the proposals above would create further distributable reserves to fund distributions to Shareholders and buybacks, to set off or write off losses and for other distributable and corporate purposes of the Company. If Resolution 6 is approved, the Board will apply to Court to sanction the cancellations as and when additional reserves are required (the cancellation only becoming effective on such Court sanction).

Taxation

The following paragraphs apply to the Company and to persons holding Shares as an investment in the Company who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons such as dealers in securities. The information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The implementation of the Scheme should not affect the status of the Company as a VCT or the reliefs obtained by Shareholders on subscription for existing Shares. Confirmation to this effect has been obtained from HMRC.

Although the Company will be required to pay UK stamp duty on the transfer to it of the assets and liabilities of AALG (which form part of the merger costs), no UK stamp duty will be payable directly by Shareholders as a result of the implementation of the Scheme.

Fundraising

The Board is considering launching a fundraising later in the year, which would be similar to recent top-up offers undertaken by the Company and limited to a maximum of 10 per cent. of the then issued Shares. Shares would be offered at a price linked to the prevailing net asset value per Share, plus costs.

General Meeting

Notice of the General Meeting is set out at the end of this document. The General Meeting will be held at 10.00 a.m. on 4 November 2013 at The City of London Club, 19 Old Broad Street, London EC2N 1DS. An explanation of the Resolutions to be proposed at the General Meeting is set out below:

Resolution 1 is a composite resolution to approve the acquisition of all of the assets and liabilities of AAIG and the issue of New Shares pursuant to the Scheme.

Paragraph (i) of Resolution 1 will approve the acquisition of all of the assets and liabilities of AAIG pursuant to the Scheme.

Paragraph (ii) of Resolution 1 will authorise the Directors pursuant to section 551 of CA 2006 to allot New Shares in the Company up to an aggregate nominal value of £450,000 (representing 96.6 per cent. of the issued share capital of the Company as at 9 October 2013, this being the latest practicable date prior to the publication of this document) in connection with the Scheme. The authority conferred by paragraph (ii) of Resolution 1 will expire 18 months from the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities.

Resolution 2 will approve the increase to the cap on the ordinary annual remuneration of the directors from £75,000 to £100,000.

Resolutions 3 to 5 are resolutions to renew and increase allotment and repurchase authorities. These are renewals of existing authorities to reflect the enlarged share capital in the Company following the merger.

Resolution 3 will authorise the Directors pursuant to section 551 of CA 2006 to allot shares in the Company up to an aggregate nominal value of £81,111.17 (representing 17.4 per cent. of the issued share capital of the Company as at 9 October 2013, this being the latest practicable date prior to the publication of this document). The authority conferred by Resolution 3 will be in addition to the authority conferred under Resolution 1 and will expire on the conclusion of the annual general meeting of the Company to be held in 2014 unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities.

Resolution 4 will disapply pre-emption rights in respect of the allotment of shares in the capital of the Company up to 10 per cent. of its enlarged issued share capital from time to time, the proceeds of which may be used, in part or whole, to purchase the Company's own shares. The authority conferred by Resolution 4 will expire on the conclusion of the annual general meeting of the Company to be held in 2014 unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities.

The Board intends to utilise the authority conferred under Resolutions 3 and 4 for the purposes of the allotment of Shares pursuant to the Company's dividend reinvestment scheme and top up offers which do not require a prospectus to be issued by the Company.

Resolution 5 will authorise the Company to make market purchases of up to 13,729,447 shares in the capital of the Company (or such lower number of shares representing approximately 14.99 per cent. (rounded down to the nearest whole share) of the issued share capital of the Company immediately following the issue of New Shares pursuant to the Scheme). Any shares bought back under this authority will be at such price as is determined by the Board, and in accordance with the Listing Rules, and may be cancelled or held in treasury as may be determined by the Board. The authority conferred by Resolution 5 will expire on the conclusion of the annual general meeting of the Company to be held in 2014 and will be in addition to existing authorities. The Board intends to utilise this authority to buy back shares from time to time under the buyback policy.

Resolution 6 is a composite resolution to cancel the share premium account and capital redemption reserve of the Company.

Paragraph (i) of Resolution 6 will authorise the cancellation of the share premium account of the Company at the date an order is made confirming such cancellation by the Court.

Paragraph (ii) of Resolution 6 will authorise the cancellation of the capital redemption reserve of the Company at the date an order is made confirming such cancellation by the Court.

Resolution 7 will approve the Revised Performance Incentive Arrangement.

Resolutions 1 and 7 will be proposed as ordinary resolutions requiring the approval of at least 50 per cent. of the votes cast on the resolutions. Resolutions 2 to 6 will be proposed as special resolutions requiring the approval of 75 per cent. of the votes cast on the resolutions. The Resolutions are not conditional on each other.

Action to be Taken

Before taking any action, you are recommended to read the further information set out in this document.

Shareholders will find enclosed with this document the form of proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy attached so as to be received by 5.30 p.m. on 31 October 2013. Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.

Recommendation

The Board, which has been so advised by Howard Kennedy, considers the Revised Performance Incentive Arrangement to be fair and reasonable so far as Shareholders as a whole are concerned. In providing its advice, Howard Kennedy has taken into account the Board's commercial assessment of the Revised Performance Incentive Arrangement.

Albion is regarded as a related party under the Listing Rules and, therefore, cannot vote (and, as it does not hold any Shares in the Company, will not be entitled to vote) on Resolution 7 to be proposed at the General Meeting to approve the Revised Performance Incentive Arrangement. Albion will take all reasonable steps to ensure that its associates (including any members and employees) will also not vote on Resolution 7. Patrick Reeve is the managing partner of Albion and is, therefore, regarded as being an interested director pursuant to the Listing Rules. Patrick Reeve has not participated in the Board's consideration of the Revised Performance Incentive Arrangement and has also agreed not to vote on Resolution 7 to be proposed at the General Meeting.

The Board is of the opinion that the Proposals are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions as they intend (other than Patrick Reeve in respect of Resolution 7) to do in respect of their own holdings of 590,003 Shares, (235,389 Shares excluding those held by Patrick Reeve for the purposes of Resolution 7), representing approximately 1.40 per cent. of the total voting rights of the Company (0.56 per cent. for the purposes of Resolution 7, excluding the Shares by Patrick Reeve).

Yours faithfully

Dr Neil Cross

Chairman

PART III

THE SCHEME

1. Definitions and Interpretation

The definitions set out in Part I of this document shall have the same meanings when used in the context of this Part III.

On or immediately prior to the Effective Date, Albion (on the instruction of the Liquidators) shall calculate the Merger Value and the Roll-Over Value in accordance with paragraph 4 below.

2. Provision of Information

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of AAIG and shall deliver to the Company:

- particulars of all of the assets and liabilities of AAIG;
- a list certified by the registrars of the names and addresses of, and the number of AAIG Shares held by, each of the AAIG Shareholders on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of AAIG; and
- the amount estimated to be required to purchase the holdings of any dissenting AAIG Shareholders (if any).

3. Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of AAIG) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of AAIG to the Company in exchange for the issue of New Shares (credited as fully paid up) to the AAIG Shareholders on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of AAIG to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of AAIG and the purchase for cash of any holdings of dissenting AAIG Shareholders.

4. Calculations

Except as otherwise provided for in the Scheme terms, for the purposes of calculating the Roll-Over Value, the Merger Value and the number of New Shares to be issued, the following provisions will apply:

AAIG Roll-Over Value

The Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

- A = the unaudited net assets of AAIG as at the Calculation Date (taken from the AAIG unaudited management accounts to that date), plus any adjustment that both the Board and the AAIG Board consider appropriate to reflect any other actual or contingent benefit or liability of AAIG;
- B = AAIG's pro rata proportion (by reference to the relative aggregate Roll-Over Value of all the AAIG Shares and the aggregate Merger Value of all Shares, but ignoring merger costs), of the costs of the merger plus £10,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to AAIG incurred by the Company, which will indemnify the Liquidators in respect of all of the costs of AAIG following the transfer on the Effective Date);

- C = the amount estimated to be required to purchase the holdings of AAIG Shares from dissenting AAIG Shareholders (if any); and
- D = the number of AAIG Shares in issue as at close of business on the Record Date (save for any AAIG Shares held by dissenting AAIG Shareholders).

The Company Merger Value

The Merger Value will be calculated as follows:

$$\frac{E - F}{G}$$

where:

- E = the unaudited net assets of the Company as at the Calculation Date (taken from the unaudited management accounts of the Company to that date), plus any adjustment that both the Board and the AAIG Board considers appropriate to reflect any other actual or contingent benefit or liability of the Company;
- F = the Company's pro rata proportion (by reference to the relative aggregate Roll-Over Value of all the AAIG Shares and the aggregate Merger Value of all Shares, but ignoring merger costs) of the costs of the merger; and
- G = the number of Shares (ignoring any Shares held in treasury) in issue as at close of business on the Record Date.

New Shares to be issued to AAIG Shareholders

The number of New Shares to be issued to AAIG Shareholders (save for any dissenting AAIG Shareholders) will be calculated as follows:

$$\left(\frac{H}{I} \right) \times J$$

where:

- H = AAIG Roll-Over Value;
- I = Company Merger Value; and
- J = the number of AAIG Shares in issue as at close of business on the Record Date (save for any AAIG Shares held by dissenting AAIG Shareholders).

The number of New Shares to be issued pursuant to the Scheme will not be greater than 45 million and will be issued directly to AAIG Shareholders pro rata to their existing holdings (disregarding AAIG Shares held by dissenting AAIG Shareholders) on the instruction of the Liquidators by applying the Merger Ratio to AAIG Shareholders' holdings.

The Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number. Any fractional entitlements in respect of each holding (which, in each case, will not exceed £1) will be sold and the proceeds retained for the benefit of the Enlarged Company.

Share Certificates, Mandates and Listing

Where AAIG Shareholders hold their AAIG Shares in certificated form, they will receive a new certificate for the New Shares issued and where AAIG Shareholders hold their AAIG Shares in uncertificated form, their CREST accounts will be credited with the new holding in New Shares.

AAIG Shareholders who are members of the dividend reinvestment scheme operated by AAIG will, unless an AAIG Shareholder advises otherwise in writing to Computershare Investor Service PLC, be transferred into the dividend reinvestment scheme operated by the Company in respect of the New Shares issued pursuant to the Scheme. In addition, dividend payment mandates provided for AAIG Shares will, unless an

AAIG Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to the Company.

An application has been made to the UKLA for the New Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its market for listed securities. The New Shares will rank *pari passu* with the existing issued Shares from the date of issue.

Scheme Illustration

As at 30 June 2013, the unaudited NAV of an AAIG Share (taken from AAIG's unaudited management accounts to that date) was 65.3 pence. The Roll-Over Value of an AAIG Share (had the merger been completed on that date and calculated in accordance with this paragraph 4, but adjusted for share buybacks by AAIG between 30 June 2013 and 9 October 2013) would have been 64.97 pence (assuming no dissenting AAIG Shareholders).

As at 30 June 2013, the unaudited NAV per Share of the Company (taken from the Half-Yearly Report) was 84.6 pence. The Merger Value of a Share (had the merger been completed on that date and calculated in accordance with this paragraph 4, but adjusted for share buybacks by the Company between 30 June 2013 and 9 October 2013 and the dividend of 2.5 pence per Share to be paid on 31 October 2013) would have been 81.75 pence.

The number of New Shares that would have been issued to AAIG Shareholders (had the merger been completed on 30 June 2013, calculated in accordance with this paragraph 4 (on the basis of the above Roll-Over Value and Merger Value) is 34,241,418 (0.7947 New Shares for every AAIG Share held). The New Shares would have been issued to all AAIG Shareholders pro rata to their holdings in AAIG (assuming no dissenting AAIG Shareholders). This ignores the Shares and the AAIG Shares held in treasury to which no value is attributed and, in respect of the AAIG Shares held in treasury, which will be cancelled prior to the Effective Date.

5. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions, which may include changes to the timetable and such modifications as may be required to deal with shareholders in overseas jurisdictions as the parties to the Transfer Agreement may from time to time approve in writing.

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, AAIG, the Board, the AAIG Board, any individual director of the Company or AAIG, Albion, the registrar or the custodians or bankers of the Company and AAIG or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Liquidators' Liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme or the Transfer Agreement.

8. Conditions

The Scheme is conditional upon:

- the passing of Resolution 1 to be proposed at the General Meeting;

- the passing of each of the resolutions to be proposed at the AAIG Meetings; and
- notice of dissent not having been received from AAIG Shareholders holding more than 10 per cent. in nominal value of AAIG's issued share capital under section 111 of IA 1986 (this condition may be waived by the AAIG Board).

Subject to the above, the Scheme shall become effective immediately after the passing of the special resolution for the winding up of AAIG to be proposed at the AAIG Second General Meeting. If it becomes effective, the Scheme shall be binding on all Shareholders and AAIG Shareholders and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 31 December 2013, the Scheme shall not become effective and the Company will continue in its current form.

9. Dissenting AAIG Shareholders

The Liquidators will offer to purchase the holdings of dissenting AAIG Shareholders at the break value price of an AAIG Share, this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of AAIG if all of the assets of AAIG had to be realised. The break value of AAIG Shares is expected to be significantly below the unaudited net asset value of such shares due to the nature of the underlying assets. AAIG Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby potentially triggering clawback of any up-front income tax relief received on the original subscription if the shares have not been held for the requisite holding period to maintain such relief.

10. Governing Law

The Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART IV

RISK FACTORS

Shareholders and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below (such as changes in legal, regulatory or tax requirements) are not the only ones the Company or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or results of operations. The value of the Shares could decline due to any of the risk factors described below and Shareholders could lose part or all of their investment. Shareholders and prospective Shareholders should consult an independent financial adviser authorised under FSMA. References to the Company should be taken as including the Enlarged Company.

Scheme Related Risk Factors

Completion of the Scheme is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. If the merger is not approved and/or effected, the benefits of the merger will not be realised and the costs incurred to put forward the merger proposals to Shareholders and AAIG shareholders will be split proportionately between the Company and AAIG by reference to their respective net assets (ignoring merger costs).

Shareholders may be adversely affected by the performance of the investments, whether acquired from AAIG or made by the Company. The performance of the investments acquired from AAIG, as well as the investments of the Company, may restrict the ability of the Company following the merger to distribute any capital gains and revenue received on the investments transferred from AAIG to the Company (as well as the investments of the Company). Any gains (or losses) made on the investments of the Company will, following the Scheme, be shared amongst all Shareholders pro rata to their number of Shares held.

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from AAIG, or the investments of the Company, are, or become, unable to meet VCT requirements.

Enlarged Company Risk Factors

The value of Shares in the Enlarged Company, and the income from them, can fluctuate and Shareholders in the Enlarged Company may not get back the amount they invested. In addition, there is no certainty that the market price of Shares in the Enlarged Company will fully reflect their underlying NAV nor that any dividends will be paid.

Although the existing Shares have been (and it is anticipated that the New Shares in the Enlarged Company to be issued pursuant to the Scheme will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and Shareholders in the Enlarged Company may find it difficult to realise their investment. Shareholders in the Enlarged Company should not rely upon any share buyback policy to offer any certainty of selling their Shares in the Enlarged Company at prices that reflect the underlying NAV. An investment in the Enlarged Company should, therefore, be considered as a long-term investment.

There is no guarantee that the Enlarged Company will meet its objectives. The past performance of the Company and/or AAIG and/or other funds managed by Albion is not an indication of future performance of the Enlarged Company. The return received by Shareholders in the Enlarged Company will be dependent on the performance of the underlying investments. The value of such investments, and the interest income

and dividends therefrom, may rise or fall and Shareholders in the Enlarged Company may not get back the full amount invested when sold.

Although the Enlarged Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.

The Company's investments are, and the Enlarged Company's will generally be, in companies whose securities are not publicly traded or freely marketed and may, therefore, be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Enlarged Company.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Enlarged Company invests, to be fully reflected in their market values and their market values can fluctuate and are often also materially affected by general market sentiment, which can be negative for prolonged periods.

Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List which could result in the value of such investment, and interest income and dividends therefrom, reducing. In particular, small companies often have limited financial resources and their management may be dependent on a small number of key individuals and may not produce the hoped-for returns. In addition, the market in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such companies. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

The success of some investments may be based on the ability of investee companies to establish, protect and enforce intellectual property rights, those rights being broad enough to protect proprietary interests and the rights not infringing third party patents.

A charge given to the Enlarged Company over an asset will not always provide full capital protection for an investment. The Enlarged Company may not, therefore, recover the full amount invested in any one investee company.

Whilst it is the intention of the Board that the Enlarged Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in the Shareholders in the Enlarged Company losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Enlarged Company lose its VCT status, dividends and gains arising on the disposal of Shares in the Enlarged Company would become subject to tax and the Enlarged Company would also lose its exemption from corporation tax on its capital gains.

Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Enlarged Company and/or the performance of the Enlarged Company and the value of and returns from Shares and/or their ability to achieve or maintain VCT status.

If a Shareholder in the Enlarged Company disposes of his or her Shares in the Enlarged Company within five years of issue, he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed. For these purposes, the date of issue of the New Shares in the Enlarged Company resulting from the Scheme will be the original applicable date of issue of the AAIG Shares. Any realised losses on the disposal of Shares in the Enlarged Company cannot be used to create an allowable loss for capital gains tax purposes.

If a Shareholder disposes of his or her Shares, he or she will be liable to pay any capital gains tax in respect of which such Shareholder obtained deferral relief on subscription.

If at any time VCT status is lost for the Enlarged Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound up have been announced.

The tax rules, or their interpretation, in relation to an investment in the Enlarged Company and/or the rates of tax may change during the life of the Enlarged Company and may apply retrospectively which may affect tax reliefs obtained by Shareholders in the Enlarged Company and the VCT status of the Enlarged Company.

Any purchaser of existing Shares in the Enlarged Company in the secondary market will not qualify for any tax reliefs afforded solely to subscribers of new VCT shares, although dividends on those shares will not be liable to income tax (subject to a maximum value of £200,000 of VCT shares being acquired in any tax year).

PART V

ADDITIONAL INFORMATION

1. Responsibility

The Company, the Directors and the Proposed Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital

- 2.1 As at 9 October 2013 (this being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

	<i>Issued and fully paid</i>	
	<i>No. of Shares</i>	<i>£</i>
Shares (1 penny each)	46,590,713*	465,907.13

*4,341,070 Shares being held in treasury

- 2.2 As at 9 October 2013 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option and the Company held 4,341,070 Shares in treasury.

3. Directors and their Interests

- 3.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

- Dr Neil Earl Cross (Chairman)
- Lt Gen Sir Edmund Fortescue Gerard Burton KBE
- Modwenna Rees-Mogg
- Patrick Harold Reeve

all of 1 King's Arms Yard, London EC2R 7AF (the registered office and principal place of business of the Company).

- 3.2 As at 9 October 2013 (this being the latest practicable date prior to the publication of this document), the interests of the Directors (and their immediate families) and the directors of AAIG in the issued share capital of the Company and AAIG were as follows:

	<i>Company</i>		<i>AAIG</i>	
	<i>Shares</i>	<i>Percentage of issued voting share capital (%)</i>	<i>AAIG Shares</i>	<i>Percentage of issued AAIG voting share capital (%)</i>
Dr Neil Cross	177,790	0.42	–	–
Lt Gen Sir Edmund Burton	54,095	0.13	2,980	0.01
Modwenna Rees-Mogg	3,504	0.01	–	–
Patrick Reeve	354,614	0.84	255,184	0.59
Friedrich Ternofsky	1,639	0.00	12,229	0.03
Robin Archibald	–	–	–	–
Mary Anne Cordeiro	–	–	5,111	0.01

- 3.3 Aggregate Directors' emoluments for the current financial year (assuming the merger does not take place) are expected to be £70,000 (excluding applicable employer's National Insurance Contributions)

and VAT) whilst details of Directors' emoluments for the year ended 31 December 2012 are in the table below.

3.4 Details of the Directors' appointments are as follows:

<i>Director</i>	<i>Date of appointment</i>	<i>Date of appointment Letter*</i>	<i>Current annual remuneration (£)**</i>	<i>Year to 31 December 2012 remuneration (£)***</i>
Dr Neil Cross	6 December 2000	7 December 2000	17,500	17,500
Lt Gen Sir Edmund Burton	6 December 2000	7 December 2000	17,500	17,500
Modwenna Rees-Mogg	4 October 2012	4 October 2012	17,500	4,400
Patrick Reeve	11 December 2003	2 November 2005	17,500	16,000

* No Director has a service contract with the Company. The Directors have been appointed pursuant to appointment letters which are terminable on three months' notice given by the Company at any time.

** No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office nor have any amounts been set aside to provide pension, retirement or similar benefits. The fees in respect of Patrick Reeve's appointment are payable to Albion. Albion waived fees of £1,500 in the year ended 31 December 2012 while there were five directors in office.

***Exclusive of applicable employers' National Insurance Contributions and VAT. Michael Hart, who died on 24 October 2012, received fees of £14,600 (exclusive of National Insurance Contributions) in the year ended 31 December 2012.

To facilitate the merger, Lt Gen Sir Edmund Burton has agreed to step down as a director of the Company from the Effective Date without compensation or payment in lieu of notice. The Proposed Directors will be appointed as directors of the Company pursuant to appointment letters on the same terms as the other Directors, with each Director's annual remuneration being, subject to Shareholders approving Resolution 2, £19,000 going forward (£76,000 in aggregate). Albion has agreed that, subject to the merger becoming effective, no fees will be charged from the Effective Date for the services of Patrick Reeve's appointment as a director of the Company.

- 3.5 Save in respect of Patrick Reeve, who is the managing partner of Albion (and is, therefore, interested in the fees payable to Albion as set out in paragraph 3 above and paragraph 5 below), is a director and/or shareholder in other VCTs managed by Albion (including AAIG) and is the chief executive officer of Albion Community Power PLC, there are no potential conflicts of interest between the duties of any Director and their private interests and/or duties. It is acknowledged by the Board that Patrick Reeve is not an independent director for the purposes of the Listing Rules. There are no specific arrangements which are in place to address this conflict, save that the Board reviews and, if appropriate, authorises any conflicts of interest arising from Patrick Reeve's position with Albion as is permitted under the Articles and Patrick Reeve refrains from voting at Board meetings on such matters as appropriate.
- 3.6 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 31 December 2010, 2011 and 2012 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

4. Substantial Shareholders

- 4.1 The Company is not aware of any person who has, or immediately following the issue of the New Shares pursuant to the Scheme will have, a direct or indirect interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006, the Listing Rules or the Disclosure & Transparency Rules of the FCA, a holding of 3 per cent. or more must be notified to the Company).

5. Material Contracts

- 5.1 Save as disclosed in this paragraph 5.1, the Company has not entered into, other than in the ordinary course of business, any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- 5.1.1 An investment management agreement dated 14 December 2000 between the Company (1) and Albion (2), as novated, amended and supplemented, pursuant to which Albion provides investment management services and administration services to the Company. Albion is entitled to an investment management fee payable quarterly in arrears of an amount equal to 2.5 per cent. per annum of the net assets of the Company calculated in accordance with the Company's normal accounting policies (exclusive of VAT, if any).

The normal annual running costs of the Company (including investment management and administration fees due to Albion, directors' remuneration, registrars' fees, stockbrokers' fees, company secretarial fees, auditors' fees and irrecoverable VAT, but excluding any exceptional items and performance incentive fees) are capped at an amount equal to 3.5 per cent. of the net assets of the Company, with any excess being paid by Albion or refunded by a reduction in Albion's above management and administration fees.

Albion is also entitled to charge and retain arrangement fees of an amount equal to no more than 2 per cent. of each investment made by the Company, together with monitoring and director's fees, payable by each portfolio investee company.

Albion is currently entitled to performance incentive fees equal to 20 per cent. of the amount by which the net asset value and aggregate dividends paid (total return) exceed 100 pence per share as increased by 8 pence per annum since the date of first admission to the Official List of the ordinary shares and former C shares, less any performance fees already paid. Fees under the arrangement (if any) are assessed and paid annually by reference to the end date of a financial period and in respect of each share in issue on that date.

Although the former C shares were merged into the ordinary shares to form one class of share (these being the Shares) in 2011, it has been agreed that the original C share hurdle is applied to the proportion of the capital which the former C shares represented at the time the two share classes merged (this being 67.1 per cent. of the enlarged capital of the Company at that time). The C share total return is measured by aggregating the dividends paid per former C share with the NAV and dividends paid per Share after the merger of the share classes, adjusted to reflect the number of Shares issued per former C share (this being 0.7779).

In the event that the performance of the Company falls short of the target in any period, such shortfall must be made up in future periods before Albion is entitled to any incentive fee in respect of such future periods. These fees, if applicable, will be paid annually.

Albion's appointment is terminable on 12 months' notice, subject to earlier termination by the Company if the Company fails to become, or ceases to be, a VCT or by either party if the other commits a material breach of the agreement. The appointment will be automatically terminated if, *inter alia*, (i) either party has a receiver, administrator or liquidator appointed, (ii) Albion ceases to be authorised by the FCA or (iii) Albion commits an act of fraud.

The agreement contains provisions indemnifying Albion against any liability not due to its default, gross negligence, fraud or breach of FSMA.

Albion will continue to provide investment management and administration services to the Company following the merger on the same basis as above, save as set out in paragraph 5.2.3 below.

- 5.1.2 An allocation of investments agreement dated 8 December 2010 (as supplemented by a side letter dated 6 June 2013) between Albion and the various VCTs it manages (including the Company), pursuant to which the parties have agreed how the allocation of investment opportunities will be regulated. This agreement provides that, where more than one VCT wishes to invest in an investee company, the allocation shall be made in accordance with the ratio of funds available for investment, save that (i) where a VCT has less than 75 per cent. of its holdings being qualifying, such weighting shall be increased to 1.5 times or (ii) where a VCT is in the process of disposing an investment, such expected funds shall have a weighting reduced to

0.5 times. It further provides that in respect of potential renewable energy projects, the various VCTs which Albion manages shall be entitled to the allocation of the first £42.5 million of such opportunities.

- 5.1.3 A letter of engagement dated 20 September 2013 between the Company and Howard Kennedy Corporate Services LLP, pursuant to which Howard Kennedy Corporate Services LLP will act as sponsor to the Company for the purposes of the merger. The engagement may be terminated if any statement in the Prospectus is untrue or any material omission from the Prospectus arises.
- 5.2 The following contracts will be entered into, subject, *inter alia*, to the approval by Shareholders of applicable Resolutions at the General Meeting and, in the case of paragraphs 5.2.1 and 5.2.2, the Scheme becoming effective:
- 5.2.1 A transfer agreement between the Company and AAIG (acting through the Liquidators) pursuant to which all of the assets and liabilities of AAIG will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New Shares in accordance with Part III of this document. The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of AAIG will be transferred on receipt to the Company as part of the Scheme. This agreement will be entered into as part of the Scheme and is subject to non-material amendments.
- 5.2.2 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Scheme. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the merger calculations. This agreement will be entered into as part of the Scheme and is subject to non-material amendments.
- 5.2.3 A deed of amendment between the Company and Albion to the investment management agreement referred to at paragraph 5.1.1 above pursuant to which the investment management agreement will be amended as follows:
- 5.2.3.1 if the merger is effected, the annual expenses cap referred to in paragraph 5.1.1 above will be amended to an amount equal to 3 per cent. of net assets of the Company; and
- 5.2.3.2 if Resolution 7 to be proposed at the General Meeting is approved by Shareholders, the existing performance related incentive arrangement will be replaced with the Revised Performance Incentive Arrangement, as more particularly detailed in Part II of this document.

This deed will be entered into subject to non-material amendments and subject to being amended, as may be required, to delete or update provisions dependent on, as applicable, the merger and/or the passing of Resolution 7.

6. Albion

- 6.1 The Company's investment manager is Albion Ventures LLP. Albion (telephone 020 7601 1850), was incorporated and registered in England and Wales on 6 November 2008 as a limited liability partnership with registered number OC341254. Albion's registered office and principal place of business is at 1 King's Arms Yard, London EC2R 7AF. Albion is authorised and regulated by the FCA to provide investment management services. The principal legislation under which Albion operates is the provisions of the Limited Liability Partnership Act 2000 and CA 2006 (and regulations made thereunder).
- 6.2 Albion is one of the largest independent venture capital investors in the UK, managing approximately £230 million across seven VCTs. In January 2009, Albion acquired the business of Close Ventures Limited from Close Brothers Group PLC. Albion is structured as a partnership formed by the former Close Ventures management team. Albion has an experienced team of 27 and has been managing VCTs since 1996. Its funds are designed to provide a steady level of income and in the seventeen years since the first fund was launched, a dividend has been paid to shareholders every year.

7. General

- 7.1 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 21 November 2000 with registered number 04114310 and the name Close Technology & General VCT PLC. The Company changed its name to Albion Technology & General VCT PLC on 25 March 2009. The principal legislation under which the Company operates is CA 2006 (and regulations made thereunder). The legal and commercial name of the Company is Albion Technology & General VCT PLC. The Company is domiciled in England.
- 7.2 Statutory accounts of the Company for the years ended 31 December 2010, 2011 and 2012, in respect of which the Company's auditors, PKF (UK) LLP (as acquired by BDO LLP), have made unqualified reports under section 495 of CA 2006, have been delivered to the Registrar of Companies and such reports did not contain any statements under sections 495 to 497A of CA 2006.
- 7.3 Save for the directors' fees paid to the Directors and Albion (as detailed in paragraph 3.4 above), the fees paid to Albion in respect of its management and administration arrangements (as detailed in paragraph 5.1.1 above) and the fees paid to Albion in respect of promoting the recent top-up offers of £nil, £3,450, £6,740 and £3,186 in the years ended 31 December 2010, 2011 and 2012 and to the date of this document in the current financial year, there were no related party transactions or fees paid by the Company during the years ended 31 December 2010, 2011 and 2012 or to the date of this document in the current financial year.
- 7.4 The Company has no employees or subsidiaries.
- 7.5 There has been no significant change in the financial or trading position of the Company since 30 June 2013, the date to which the Half-Yearly Report was made up, to the date of this document.
- 7.6 The Company is not and has not at any time in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings (and the Company is not aware of any such proceedings being pending or threatened) which may have, or have had, a significant effect on the Company's financial position or profitability.
- 7.7 SGH Martineau LLP and Howard Kennedy have given and not withdrawn their written consent to the issue of this document and the inclusion of their respective names and the references to them in this document in the form and context in which they appear.

8. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG and also at the registered office of the Company:

- 8.1 the memorandum and articles of association of the Company;
- 8.2 the audited report and accounts of the Company for the financial years ended 31 December 2010, 2011 and 2012 and half-yearly reports for the six month periods to 30 June 2012 and 2013;
- 8.3 the audited report and accounts of AAIG for the financial years ended 30 September 2010, 2011 and 2012 and the AAIG half-yearly reports for the six month periods to 31 March 2012 and 2013;
- 8.4 the material contracts referred to in paragraph 5 above (the contracts referred to at paragraph 5.2 being subject to non-material amendment);
- 8.5 the consents referred to at paragraph 7.7 above;
- 8.6 the AAIG Circular;
- 8.7 the Prospectus; and
- 8.8 this document.

10 October 2013

ALBION TECHNOLOGY & GENERAL VCT PLC

(Registered in England and Wales with registered number 04114310)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Albion Technology & General VCT PLC ("the Company") will be held at 10.00 a.m. on 4 November 2013 at The City of London Club, 19 Old Broad Street, London EC2N 1DS, for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 7 will be proposed as ordinary resolutions and resolutions 2 to 6 will be proposed as special resolutions:

Ordinary Resolution

1. That, subject to the Scheme (as defined in and provided for in the circular to shareholders dated 10 October 2013 ("Circular")) becoming unconditional:
 - (i) the acquisition of the assets and liabilities of Albion Income & Growth VCT PLC on the terms set out in the Circular be and hereby is approved; and
 - (ii) in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £450,000 in connection with the Scheme, provided that the authority conferred by this paragraph (ii) shall expire on the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting).

Special Resolutions

2. That the articles of association of the Company be amended by replacing the directors' aggregate remuneration cap of "£75,000" in Article 76 with "£100,000".
3. That, in addition to existing authorities and the authority conferred by paragraph (ii) of resolution 1 set out in this notice, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £81,111.17, provided that, the authority hereby conferred shall expire on the conclusion of the annual general meeting of the Company to be held in 2014 (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.
4. That, in addition to existing authorities, the directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash pursuant to the authority given pursuant to resolution 3 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to such allotment, provided that the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2014 (unless renewed, varied or revoked by the Company in general meeting) and provided further that this authority shall be limited to the allotment and issue of shares up to an aggregate nominal value representing 10 per cent. of the issued share capital of the Company from time to time, where the proceeds may, in whole or part, be used to purchase shares.
5. That, in addition to existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of section 693(4) of the Act of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - (i) the aggregate number of shares which may be purchased shall not exceed 13,729,447 (or, if lower, such number of shares which represents 14.99 per cent. of the issued share capital of the Company immediately following the issue of shares pursuant to the Scheme);

- (ii) the minimum price which may be paid per share is the nominal value thereof;
- (iii) the maximum price which may be paid per share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation per share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2014 (unless renewed, varied or revoked by the Company in general meeting); and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares.

6. That:

- (i) the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled; and
- (ii) the amount standing to the credit of the capital redemption reserve of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled.

Ordinary Resolution

7. That the Related Party Transaction (as defined, and details of which are set out, in the Circular) between the Company and Albion Ventures LLP be and hereby is approved.

Dated: 10 October 2013

By order of the Board
Albion Ventures LLP
Secretary

Registered Office:
1 King's Arms Yard
London
EC2R 7AF

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), members must be registered in the register of members of the Company at 6.00 p.m. on 2 November 2013 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 873 5854 or, if telephoning from outside the UK, on +44 870 873 5854. Calls to Computershare Investor Services PLC's helpline (0870 873 5854) are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy is enclosed with this document and a reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 5.30 p.m. on 31 October 2013 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the

time appointed for taking the poll. A member may return a proxy form in their own envelope with the address Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

6. As at 9 October 2013 (being the last business day prior to the publication of this notice), the Company's issued voting share capital (excluding treasury shares) was 42,249,643 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 9 October 2013 was 42,249,643.
7. In accordance with section 325 of the Companies Act 2006 ("the Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Act and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising 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.
10. In order for a proxy appointment made by means by CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual (www.euroclear.com/CREST). The message must be transmitted so as to be received by the issuer's agent, Computershare (ID 3RA50), by 5.30 p.m. on 31 October 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. 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(s), 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.
12. 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 (as amended).
13. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
14. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
15. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
16. Information regarding the meeting is also available at the following website: www.albion-ventures.co.uk.