

# venture matters

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**Spring 2009**



## Albion Ventures acquires Close Ventures

The business of Close Ventures Limited, the VCT manager, has been acquired by Albion Ventures LLP, which is a partnership formed by the Close Ventures management team.

The VCT manager will therefore no longer be part of the Close Brothers Group, although Close will retain an interest in our business going forwards. Importantly, the investment policy, the team and the quality control procedures will remain unchanged.

We think that a business investing in owner-managed companies that is itself owner-managed, is positive news for shareholders.

The team will continue to concentrate on the maximisation of shareholder value and the maintenance of a regular dividend stream.

For more information please visit our new website at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

# Our News

Welcome to the Spring 2009 issue of Venture Matters. This is our first opportunity to update you with our news as Albion Ventures.

## Shareholder survey results

There was a strong response to our shareholder survey in November 2008 with 1,689 shareholders completing questionnaires. Thank you to every shareholder who spent the time providing us with this useful feedback.

**97%** intend to hold VCT shares for 5 years or more, and **65%** intend to hold their shares indefinitely

**95%** of respondents felt that the amount and quality of communications you receive from us is either just right or enough

**77%** would consider investing in our future fundraisings

**76%** of respondents were satisfied or very satisfied with returns on the funds we manage

**65%** of respondents hold under 10% of their total portfolio in VCT shares. **30%** of respondents hold between 10-25% of their portfolio in VCT shares

**48%** of respondents are considering VCT investment in the next 12 months

Furthermore, shareholders put dividend yield **first** above capital growth or tax planning.

Albion Ventures is dedicated to maintaining the level of service that we provided as Close Ventures. We are always developing ways to improve shareholder communication and will keep you informed of developments as they are made.

One area that we are keen to expand is using email to communicate with shareholders. If you are happy to receive Venture Matters and portfolio updates via email, and have not already notified us, please send an email to [enquiries@albion-ventures.co.uk](mailto:enquiries@albion-ventures.co.uk) and we will add your details to the list. We will not pass on your contact details to any other organisation.

## Holiday discount offer

In 2005 we invested in Lowcostholidays.com, an online travel business. Since investment the company has grown bookings from £4m in 2005 to £51m in 2008. The company has had a good start in 2009 with bookings ahead of both last year and expectations for this year.

Lowcostholidays.com is offering 5% off your holiday to help achieve savings of up to £500 per couple. Take a look at some of the deals below or on [www.lowcostholidays.com](http://www.lowcostholidays.com) and call 0800 988 28 35 quoting 'Albion Ventures' to take advantage of this discount.

**7 nights 5★ Half Board, Coral Beach, Cyprus, Paphos in May for £539pp**

**7 nights 5★ Bed and Breakfast, Tivoli Madeira, Funchal, Madeira in March for £498pp**

**14 nights 5★ All Inclusive, Gran Bahia Principe, Runaway Bay, Jamaica in May for £1225pp**

\*All flights are from London Gatwick and regional flight supplements may apply. Please note that these offers are subject to availability and already include the 5% discount. All were available at these prices at 9:00 5 March 2009 and they may vary up or down.



### Change of address and telephone number

From Monday 30th March 2009, our address will be:  
Albion Ventures LLP  
1 King's Arms Yard, London, EC2R 7AF

Our new telephone number will be:  
**T 020 7601 1850**  
E [enquiries@albion-ventures.co.uk](mailto:enquiries@albion-ventures.co.uk)  
W [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

# Investment News

We have made two new healthcare investments in 2009. In the growing recession, we remain positive on the broader healthcare sector because of the increasing spend per capita, population trends and Government spending.



## Forth Photonics

We invested £2.5 million into Edinburgh based medical device company Forth Photonics. The funding will be used to commercialise its medical device DySIS™ (Dynamic Spectral Imaging System), which significantly enhances the detection and mapping of cervical cancer.

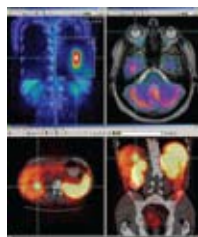
DySIS™ is the only medical device to use dynamic spectral imaging technology to assist in the detection and mapping of cervical cancer and, in clinical trials, has been shown to increase significantly the sensitivity of pre-cancerous lesion detection. The device is already being marketed in the EU where it is CE marked and is also under consideration for approval by the US Food & Drug Administration. Subject to this approval, DySIS™ will be launched in the US.

Used by gynaecologists, DySIS™ assists in identifying the early stages of cervical cancer by mapping changes in cervical tissue, providing high resolution images of the cervix and enhancing or magnifying areas of diagnostic importance. The technology also has the potential to be developed into applications for detection of other epithelial cancers.



## Mirada Medical

We invested up to £1.5 million into medical software company Mirada Medical to fund its MBO from Siemens.



Mirada Medical has developed software that allows images from multiple sources to be combined to provide greater clinical certainty in diagnosis and treatment of cancer.

Images from a patient taken using MRI, CT or PET scanners can be combined to show not only if a cancer is present, but also its precise location relative to bones and organs. This provides surgeons and radiologists with a more complete picture, thereby improving the quality of information available when managing the patient's condition.

Mirada's software additionally allows scans from follow up visits to be compared to the original so that the clinician can quickly assess the progression of disease, or response to treatment.

Mirada's technology is already used throughout America, Europe and Japan and the company has 12 established distribution arrangements covering these areas.

## Managing VCTs in a recession

Business activity will deteriorate in 2009 and possibly beyond, and the consequences of the unprecedented scale of the government intervention are unknown. As a result the level of uncertainty across all sectors will be very high for some time.

We believe the four goals to protect value and maintain a regular dividend within our VCTs continue to be:

- (i) no bank borrowing by investee companies;
- (ii) portfolio diversification by sector;
- (iii) working hard to develop the competitive advantage of our investee companies; and
- (iv) prudent liquidity management to support investee companies and to invest in new high quality investments at attractive valuations.

# Performance

The VCTs managed by Albion Ventures have a policy of buying back their shares in the market. In such circumstances the VCTs will look to buy back shares at a discount to their net asset value, subject to certain conditions.

## Performance of Generalist Funds managed by Albion Ventures LLP

Fund	Date of commencement of trading	Net Assets £'m	Total return since launch (dividends paid/declared and NAV)	Mid-market Share price as at 28/02/09	Last dividend paid/declared per share
Close Brothers Venture Capital Trust PLC – Ordinary shares*	Apr 96	33.4	194.9p	62.0p	5p paid on 9/01/09
Close Brothers Venture Capital Trust PLC – C shares*	Apr 97		183.4p		
Close Brothers Protected VCT PLC	Apr 97	16.1	114.4p	56.0p	2p paid on 9/01/09
Close Brothers Development VCT PLC – Ordinary shares*	Jan 99	28.6	131.7p	73.5p	4p paid on 30/12/08
Close Brothers Development VCT PLC – C shares*	Dec 02		123.4p		
Close Technology & General VCT PLC – Ordinary shares	Jan 01	13.9	148.9p	67.0p	8p paid on 30/12/08
Close Technology & General VCT PLC – C shares	Jan 06	30.5	90.4p	61.0p	1.5p paid on 30/12/08
Close Income & Growth VCT PLC	Oct 04	32.1	86.3p	50.0p	1.75p paid on 2/02/09
Crown Place VCT PLC**	Apr 98	26.4	69.3p	21.5p	1.25p to be paid on 17/04/09
Close Enterprise VCT PLC	Apr 07	27.5	92.9p	70.0p	1.25 paid on 9/01/09

Source: Albion Ventures. All data is prepared as at 28 February 2009, using the last published net asset value of the relevant fund.

\*The Close Brothers Development VCT PLC C shares were converted to Ordinary shares at a rate of 1.0715 Ordinary shares for each C share, and the Close Brothers VCT PLC C shares were converted to Ordinary shares at a rate of 1 Ordinary share for each C share.

\*\*Albion Ventures took over the management of this fund in April 2005. Please note: the above excludes all tax reliefs

## About Albion Ventures

Albion Ventures LLP was established to generate long-term returns by making investments in private, growing companies. The investment management team has created market leading investment performance for the shareholders in the seven Venture Capital Trusts they manage. Albion Ventures LLP manages funds with net assets of more than £200m.

Albion Ventures' investment strategy is to create funds that combine the generation of dividends over the long term, with the prospect of capital growth. In the twelve years since we launched our first fund in 1996, dividends have been paid by the funds we manage, every year, totaling some **£81m**.

Albion Ventures LLP was created in January 2009 when it acquired the business of Close Ventures Limited from Close Brothers Group plc and is structured as a partnership formed by the former Close Ventures management team.

The team believes that it is appropriate for a business investing in owner-managed companies to be itself owner-managed.

Albion Ventures looks to invest £1-10m in a wide range of growing businesses, from technology-orientated companies to service and asset-based businesses. In line with Albion Ventures management of risk, it is our policy for investee companies not to have any external bank borrowing.

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

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T: 020 7422 7830 E: info@albion-ventures.co.uk www.albion-ventures.co.uk

This newsletter should not be relied upon in making a decision to invest in any of our funds. That decision should be based solely on the relevant prospectus or fund raising document. None of the figures quoted herein should be regarded as a dividend or profit forecast. Past performance is not a reliable indicator of future results. Albion Ventures LLP is authorised and regulated by the Financial Services Authority.

**ALBION VENTURES**