

ALBION DEVELOPMENT VCT PLC – D SHARE OFFER

SUMMARY

IMPORTANT NOTICE

This summary should be read as an introduction to the full prospectus issued on 1st October 2009 for the Albion Development VCT PLC D Share Offer (the “Offer”). Any decision to invest in the Offer should be based on the consideration of the prospectus as a whole. Where a claim relating to information contained in this prospectus is brought before a Court, a plaintiff investor might, under the national legislation of an EEA State, have to bear the costs of translating this prospectus before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with other parts of the prospectus.

Investors are advised to obtain appropriate financial advice on the consequences and suitability of their investing in a Venture Capital Trust (“VCT”) before doing so. An investment in the Offer is only suitable for Investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss that may arise.

The Offer

Albion Development VCT PLC (the “Company”) raised a total of £33.3 million through the issue of Ordinary Shares and C Shares between 1999 and 2004. The C Shares were converted into Ordinary Shares in March 2007.

Under the Offer, investors may subscribe for a new class of D Shares, the proceeds of which will be invested in accordance with the Company’s investment policy as a separate pool, but which will be merged with the existing Ordinary Shares on the basis of their respective Net Asset Value per Share after approximately 5 years.

The maximum qualifying amount which an individual may invest in the Company and in any other VCT in the current tax year is £200,000. The minimum investment under the Offer is £5,000 and applications to subscribe for D Shares should be in multiples of £1,000.

The investment policy

The Company’s investment policy is intended to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth.

This is achieved through allowing investors the opportunity to participate in a balanced portfolio of lower-risk, often asset-backed investments, providing a strong income stream, combined with investment in a smaller number of higher-risk companies with greater growth prospects. It is the Company’s policy for Investee Companies normally not to have any external borrowing with a charge or security ranking ahead of the Company. Up to two-thirds of the Company’s qualifying assets by cost comprise loan stock secured with a first charge on the investee company’s assets.

Investment of funds raised

- The funds raised through the issue of the D Shares will be invested so as to comply with the new VCT rules and in accordance with the current investment policy of the Company. Those investments which are permitted for both the existing Ordinary Shares and the new D Shares will be allocated between them in the ratio of funds available for investment. The merger of the two classes of Share will be at the Directors' discretion, but is expected to occur approximately 5 years from the closing of the Offer.
- The Manager estimates that of the investments it has made across all of its VCTs over the past three years and which qualified under the VCT rules then in force, approximately 70 per cent. by value would qualify under the current legislation.

Early Investment Offer

Successful subscribers for D Shares who apply before 12 noon on 23 December 2009 will be entitled to receive 1 additional D Share for every 100 D Shares subscribed for under the Offer, reducing the overall price per D Share to approximately 99 pence per D Share. D Shares allotted under this first allotment are expected to be admitted to dealing within 10 business days after allotment. The cost of additional D Shares allotted in this way will be funded by the Manager out of the 5.5 per cent. fee under the Offer Agreement.

Tax benefits to investors

For the current tax year to 5 April 2010, income tax relief at 30 per cent. on the amount invested (subject to a current annual maximum of £200,000) is available to private investors who are over 18 and reside in the UK, who have a UK income tax liability and who subscribe for shares in a VCT in their own name, provided the shares are held for a minimum of 5 years.

In addition, such private investors in a VCT receive the following tax benefits in respect of new and existing VCT shares, subject to a maximum investment of £200,000 in any tax year, irrespective of the holding period of the investment;

- dividends paid by a VCT are free of income tax; and
- capital gains made upon disposal of shares in a VCT are free of tax.

This represents only a very brief summary of the UK tax position of investors in VCTs, based upon the Company's and the Manager's understanding of current law and practice. Potential investors are recommended to consult their own appropriate financial adviser as to the taxation consequences of investing in a VCT.

Charges

- The annual management fee charged by the Manager is 2.25 per cent. of the Net Asset Value of the Company.
- In addition, the Manager will be entitled to an annual management performance incentive in respect of the D Shares of 20 per cent. of the excess of the Total Return over a target minimum return of 6.5 pence per annum comprising the aggregate of all dividends and the change in Net Asset Value, starting at the Offer price.

RISK FACTORS

The following material risks need to be carefully considered in relation to the D Shares, and more generally, closed-ended investment funds of the same type and profile as the Company. However, the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in any order of priority

General

Prospective investors should be aware that the value of D Shares in the Company and the income from them can fluctuate. In addition, there is no guarantee that the market price of shares in VCTs generally will reflect their underlying Net Asset Value. Past performance is not a guide to future performance.

Having regard to the Company's investment objectives and the tax reliefs available, Albion Development VCT should be considered as a long-term investment. Investing in a VCT such as Albion Development VCT, which itself generally invests in smaller unquoted companies, carries particular risks.

Taxation risk

- Failure to meet the qualifying requirements for a VCT could result in:
 - (i) investors being required to repay the 30 per cent. income tax relief received on subscription to the D Shares;
 - (ii) loss of income tax relief on dividends paid (or subsequently payable) by the Company;
 - (iii) a potential liability to tax on capital gains on a disposal of D Shares; and
 - (iv) loss of tax relief previously obtained in relation to corporation tax on capital gains made by the Company.
- The sale of D Shares within 5 years of their subscription will result in some or all of the 30 per cent. income tax relief available upon investment becoming repayable.
- Any realised losses on the disposal of D Shares cannot be used to create an allowable loss for capital gains tax purposes.

Investment risk

- The value of the D Shares may go down as well as up and investors may not receive back the full amount invested.
- No guarantee is given or implied that the investment objectives or the realisation strategies set by the Company will be achieved. Furthermore, the Company's ability to obtain maximum value from its investments (for example through sale) may be limited by the requirements imposed in order to maintain the VCT status of the Company (such as the obligation to have at least 70 per cent. by value of its investments in Qualifying Investments).
- The Company's investments are and will be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise and more volatile than the securities of larger, longer established businesses.
- Investee Companies include younger, fast-growing, unquoted companies undergoing significant change. Such businesses are usually exposed to greater risks than lower-growth businesses and therefore involve a higher degree of investment risk as they are more fragile and may not produce the hoped-for returns.
- Technology related risks are likely to be greater in early, rather than later, stage technology investments, including the risks of the technology not becoming generally accepted by the market, or the obsolescence of the technology concerned, often due to the greater financial resources available to competing companies.
- The leisure sector, where a number of the Company's asset-based investments may be made, is sensitive to any further down turn in the economic environment.
- The restriction of investment to companies having less than 50 full time employees and the £2m cap on the amount of funds which a company can raise from VCTs, Enterprise Investment Schemes and corporate venturing funds in a 12 month period, may limit the number of new investment opportunities available, and may increase the level of risk within the portfolio of companies in which the Company invests.

Share liquidity risk

- Although the D Shares will be listed on the Official List and traded on the London Stock Exchange, there may not be a liquid market in the D Shares and there may not be two competing market makers. It may, therefore, prove difficult to realise the investment

Discount to Net Asset Value

- The market value and the realisable value of the D Shares are likely to fluctuate. Furthermore, as the shares of most VCTs trade at a discount to their underlying net asset value and because there is normally a difference between the middle-market price and the price at which shares in VCTs can be sold (known as the “spread”), there is no guarantee that the market value of a D Share will fully reflect the underlying Net Asset Value per D Share.

Dividends and income generated by the D Shares

The Company will only pay dividends on D Shares to the extent that it has revenue or capital profits available for that purpose. A reduction of income from the Company’s investments may adversely affect the dividend payable to Shareholders. Such a reduction could arise, for example, from lower dividends or rates of interest paid on the Company’s investments, or even lower bank interest rates than are currently available.

DIRECTORS

The Board comprises four Directors, two of whom are independent of the Manager. They operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Board has extensive investment experience, including investment in smaller unquoted companies.

- **Geoffrey Vero (62) FCA (appointed 2 July 2007)**
- **Andrew Phillipps (40) PhD, MBA (appointed 30 October 2007)**
- **David Pinckney (69) MA, FCA (appointed 8 December 1998)**
- **Jonathan Thornton (62) MA, MBA FCA (appointed 8 December 1998)**

THE MANAGER

The Manager of the Company, Albion Ventures LLP, was formed in January 2009 by the executive directors of Close Ventures Limited when they bought the business, which had been formed in 1996, from Close Brothers Group plc. The team, the investment approach of Albion Ventures, and the investment policy of the Company, remain unchanged.

Albion Ventures is one of the market leaders in the area of VCT investment, managing seven venture capital trusts with net assets of approximately £200 million (as at 28 September 2009, unaudited), comprising Albion Venture Capital Trust PLC, Albion Protected VCT PLC, Albion Technology & General VCT PLC, Albion Income & Growth VCT PLC, Crown Place VCT PLC, Albion Enterprise VCT PLC and the Company. Albion Ventures is authorised and regulated by the Financial Services Authority.

Albion recently won “VCT of the Year” at the 2009 Investor All Stars Venture Capital Awards and “VCT Manager of the Year” at the “Unquote” 2009 British Private Equity Awards

Commitments to invest

The Directors of Albion Development VCT intend to invest not less than £40,000 in the Offer. Partners and staff of Albion Ventures intend to invest not less than £117,000.

Performance

The Manager (and its predecessor, Close Ventures Limited) has a strong track record of returning cash to VCT shareholders through dividends (both revenue and capital) and share buy-backs. Since 1996, a total of £103.4 million has been returned to shareholders from those VCTs now managed by Albion Ventures. The following table shows the performance of each of the Albion VCTs.

Performance of VCTs managed by Albion Ventures LLP				
Fund	Launch date	Total return since launch [†]	Mid-market share price ^{††}	Last dividend paid/declared per share
Albion Venture Capital Trust PLC – Ordinary shares*	Apr 96	190.01p	62.5p	2.5p paid on 31/7/09
Albion Protected VCT PLC	Apr 97	111.75p	50.0p	1.0p paid on 7/8/09
Albion Development VCT PLC – Ordinary shares*	Jan 99	127.08p	65.0p	4.0p paid on 25/9/09
Albion Technology & General VCT PLC – Ordinary shares	Jan 01	140.08p	75.0p	8.0p paid on 30/12/08
Albion Technology & General VCT PLC – C shares	Jan 06	80.08p	60.5p	1.0p paid on 18/9/09
Albion Income & Growth VCT PLC	Oct 04	78.88p	50.0p	1.25p paid on 3/7/09
Albion Enterprise VCT PLC	Apr 07	87.01p	70.0p	1.0p paid on 7/8/09
Crown Place VCT PLC**	Apr 98	69.14p	25.0p	1.25p paid on 6/11/09

Source: Albion Ventures. All data is prepared as at 18 November 2009, using the last published net asset value of the relevant fund.

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

**Albion Ventures took over the management of this VCT in April 2005.

† Dividends paid/declared plus NAV. Please note: the above excludes all tax reliefs.
††As at 18/11/09.

Prospectus orders

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