

Issued 1 November 2010

Key Facts

Manager

Albion Ventures LLP

Launch date

December 2006 with a further issue of Ordinary shares launched in November 2007

Share classes

Ordinary shares

Company Year End

31 March

Approximate date of dividend payments

February & August

Current dividend target

Ordinary shares 3p per share per year

LSE mnemonic

AAEV

Directors

Maxwell Packe (Chairman)
Lord Anthony St. John of Bletso
(Chairman of the Audit Committee)
Lady Janet Balfour of Burleigh
Patrick Reeve

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Based Portfolio").

The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company's assets.

Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be invested in gilts, held on deposit or invested in floating rate notes, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

Venture Capital Trust status

In addition to the investment policy described above, the HMRC rules drive the Company's investment allocation and risk diversification policies. In order to maintain status under Venture Capital Trust legislation, the following tests must be met:

- (1) The Company's income must be derived wholly or mainly from shares and securities;
- (2) At least 70 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings' (following the initial three year investment period);
- (3) At least 30 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares';
- (4) At no time in the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent. by HMRC value of its investments;
- (5) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (6) Eligible shares must comprise at least 10 per cent. By value of the total of the shares and securities that the Company holds in any one portfolio company; and
- (7) The Company's shares, throughout the year must have been listed in the Official List of the London Stock Exchange.

These tests drive a spread of investment risk through disallowing holdings of more than 15 per cent. in one portfolio company.

'Qualifying holdings', for Albion Enterprise VCT PLC include shares or securities (including loans with a five year or greater maturity period) in companies which operate a 'qualifying trade' wholly or mainly in the United Kingdom. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking, agriculture, and operating or managing hotels or residential care homes. The Company may not control a portfolio company.

Portfolio company gross assets must not exceed £7 million immediately prior to the investment and £8 million immediately thereafter and there is an annual investment limit of £1 million in each company.

This factsheet is issued in the UK by Albion Ventures LLP

Investment in the Company will involve certain risks, including:

- The Company will invest in unquoted investments which are, or may be, illiquid and difficult to realise;
- The Company will invest in shares of companies that may be subject to transfer restrictions;
- The performance of the Company is dependent on the availability of appropriate tax reliefs relating to venture capital trust status.

The value of investments can fall as well as rise and an investor may not get back the original amount invested.

The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Albion Ventures does not provide advice to, or ensure suitability in respect of any of its investment funds. An authorised investment adviser should be consulted in all circumstances where advice on an investment product is required. Although Albion Ventures may have an informed opinion on such matters, it cannot comment on the individual circumstances of each investor. The information relating to tax on this website is based on current law and practice and should not be construed as tax advice in respect of which investors should consult their own tax adviser. The market value of, and the income derived from shares can fluctuate and there is no guarantee that the market price of shares will fully reflect their underlying net asset value. There can be no guarantee that the investment objectives will be met.

Issued 1 November 2010

Key Facts

Manager

Albion Ventures LLP

Launch date

December 2006 with a further issue of Ordinary shares launched in November 2007

Share classes

Ordinary shares

Company Year End

31 March

Approximate date of dividend payments

February & August

Current dividend target

Ordinary shares 3p per share per year

LSE mnemonic

AAEV

Directors

Maxwell Packe (Chairman)
Lord Anthony St. John of Bletso
(Chairman of the Audit Committee)
Lady Janet Balfour of Burleigh
Patrick Reeve

Gearing

As defined by the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. As at 31 March 2010, the Company's maximum exposure was £2,676,000 (2009: £2,693,000) and its actual short term and long term gearing at this date was £nil (2009: £nil). The Directors do not currently have any intention to utilise short term or long term gearing.

Management agreement

The management agreement (which includes the provision of secretarial and administrative services) can be terminated by either party on 12 months' notice and is also subject to earlier termination in the event of certain breaches or on the insolvency of either party. The Manager is paid an annual fee equal to 2.5 per cent. of the net asset value of the Company.

The fee is payable quarterly in arrears. Under the terms of the management agreement, total annual expenses, including the management fee, are limited to 3.5 per cent. of the net asset value.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each portfolio company, of approximately 2 per cent. on each investment made.

Management performance incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20 per cent. of the excess return that will be calculated for each financial year.

The minimum target level, comprising dividends and net asset value, will be equivalent to an annualised rate of return of the average base rate of the Royal Bank of Scotland plc plus 2 per cent. per annum on the original subscription price of £1. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee will only be paid once all previous and current target returns have been met.

Share buy-back policy (as announced in annual report to 31 March 2010)

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest, including the maintenance of sufficient resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit.

This factsheet is issued in the UK by Albion Ventures LLP

Investment in the Companies will involve certain risks, including:

- The Company will invest in unquoted investments which are, or may be, illiquid and difficult to realise;
- The Company will invest in shares of companies that may be subject to transfer restrictions;
- The performance of the Company is dependent on the availability of appropriate tax reliefs relating to venture capital trust status.

The value of investments can fall as well as rise and an investor may not get back the original amount invested.

The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Albion Ventures does not provide advice to, or ensure suitability in respect of any of its investment funds. An authorised investment adviser should be consulted in all circumstances where advice on an investment product is required. Although Albion Ventures may have an informed opinion on such matters, it cannot comment on the individual circumstances of each investor. The information relating to tax on this website is based on current law and practice and should not be construed as tax advice in respect of which investors should consult their own tax adviser. The market value of, and the income derived from shares can fluctuate and there is no guarantee that the market price of shares will fully reflect their underlying net asset value. There can be no guarantee that the investment objectives will be met.