

ALBION VENTURE CAPITAL TRUST PLC
DIVIDEND REINVESTMENT SCHEME
(issued November 2011)

Shareholders should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 before investing in the New Shares.

The Dividend Reinvestment Scheme is not available to Shareholders resident in the United States, Canada, Australia or Japan and the Application Form cannot be accepted from or within the United States, Canada, Australia or Japan.

RISK FACTORS

- There is no assurance the Company will continue to meet its investment objectives.
- It is the intention of the Directors and the Manager that the Company will continue to be managed so as to qualify as a VCT. A failure to meet the qualifying requirements for a VCT could result in adverse tax consequences for the Company and/or Shareholders.
- The Company's investments will generally be in companies whose securities are not publicly traded or freely marketable and may therefore be difficult to realise and there can be no assurance that appreciation in value will occur.
- The market price of the Shares can fluctuate and there is no guarantee that the market price of the New Shares will reflect fully their underlying net asset value.
- Shareholders should note that Shares issued in the name of a nominee will not be eligible for the initial 30 per cent. tax relief. In order to obtain the income tax relief it is necessary for UK shareholders to subscribe for the New Ordinary shares in their own name.
- In making their decision whether or not to participate in the Dividend Reinvestment Scheme, shareholders should note that from time to time, shares in the Company trade in the stock market at a discount approaching or greater than the current income tax relief of 30 per cent.

INTRODUCTION

The Board has introduced a Dividend Reinvestment Scheme whereby Shareholders may elect to reinvest the whole of the dividend received by subscribing for New Shares, depending on the nature of their shareholding, for cash. The Scheme is available to all Shareholders in respect of their entire holdings. In doing this, Shareholders will also be eligible for the income and capital gains tax advantages available to shareholders in venture capital trusts in respect of the New Shares subscribed under the Scheme. The Dividend Reinvestment Scheme allows shareholders to increase their shareholding simply and without incurring dealing costs or stamp duty.

To take part in the Dividend Reinvestment Scheme, an Application Form, a copy of which is available from Computershare's website, should be completed. This may be cancelled at any time by notice in writing to Computershare at the address on the Application Form.

Statements to enable a claim for income tax relief will be dispatched with the New Share certificates within 15 business days of the New Share allotment date.

TAX BENEFITS FOR VCT INVESTORS

The following paragraphs are intended as a general guide only and are based on current legislation and HM Revenue & Customs (HMRC) practice, which is subject to change. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

In the current tax year, investment in new VCTs shares offer the following income and capital gains tax advantages in respect of investments of up to £200,000 per person per tax year:

- Income tax relief at 30 per cent. for tax-paying investors on the amount invested irrespective of the investor's marginal rate of income tax provided the New Shares are held for at least five years from investment. The relief is limited to an amount that reduces the investor's income tax liability for the year to nil:
- Dividends paid by a VCT are free of income tax:
- There is no tax on capital gains made upon the disposal of shares in a VCT (losses are not allowable capital losses):
- Capital gains made by a VCT on its underlying investments are free of corporation tax and, unlike an ordinary investment trust, these gains may be distributed by way of dividend to investors (again free of income tax).

Other information regarding tax reliefs

- To obtain VCT status a company must continue to be approved by HMRC as a VCT. The Companies have conducted, and continue to conduct their affairs so as to enable HMRC approval to remain in place.
- Individuals must be aged 18 or over to qualify for VCT tax reliefs and there is a limit of up to £200,000 p.a. for investment in VCTs.
- Up-front tax relief is given through a deduction from the investor's income tax liability and is restricted to the amount which reduces that liability to nil. The subscription must be made in the investor's own name and not through a nominee, although the shares may subsequently be transferred into the name of a nominee.
- In order to qualify for these reliefs, New Shares should not be sold within 5 years of allotment.
- Loss of tax status by a VCT could result in a clawback of all or some of these tax reliefs from investors.
- Reclaiming tax relief in respect of a VCT investment can be done through your self assessment tax return or by writing to your tax office and enclosing a copy of your VCT tax certificate – the tax relief will be applied through a change to your PAYE tax code – or by way of a refund of tax by HMRC.
- Non-resident investors should seek their own professional advice as to the consequences of making an investment in the Companies as they may be subject to tax in another jurisdiction.
- Shareholders should note that nominees cannot obtain up-front tax relief. Applications must be made in the name of an individual.
- Tax rules for investment by the Albion VCTs – details can be found in the relevant Company fund factsheet on the Albion Ventures website www.albion-ventures.co.uk under the "Our Funds" section.

TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME

DEFINITIONS

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| "Board" or "Directors" | The board of directors of the Company |
| "Company" or "Albion Venture Capital Trust " | Albion Venture Capital Trust PLC |
| "Dividend Reinvestment Scheme" or the "Scheme" | The scheme, whose terms are set out in this document, whereby Shareholders may elect to receive New Shares instead of cash by way of dividend |
| "Application Form" | The form that enables Shareholders to participate in the Dividend Reinvestment Scheme |
| "New Shares" | Shares to be issued, from time to time, under the Scheme |
| "Participant" | Those Shareholders who elect to participate in the Scheme |
| "Shareholders" | Holders of the Shares |
| "Shares" | Ordinary Shares of 50 pence each in the Company |
| "Scheme Manager" | Computershare Investor Services PLC |
| "VCT" | Venture Capital Trust |

1. The Scheme Manager shall invest the monies held within the Scheme (being dividends paid on Shares held by, or on behalf of, Shareholders participating in the Scheme) in the subscription of further Shares in the Company. The Scheme Manager shall not have the discretion to vary such investments and Shareholders may not instruct the Scheme Manager to make any other investments. The number of Shares held by any such Shareholder which are mandated to the Scheme shall be altered immediately following any change to the number of Shares in respect of such Shareholder is the registered holder as entered onto the share register of the Company from time to time. Beneficial owners may join the Scheme in respect of the number of Shares of the Company specified on the application form available from the Scheme Manager marked "Nominee Shareholdings" completed by the beneficial owner and the Shareholder whose name the Shares are held. Shareholders should note that Shares issued in the name of a nominee will not be eligible for the initial 30 per cent. tax relief. In order to obtain the income tax relief it is necessary for UK shareholders to subscribe for the New Ordinary shares in their own name.
2.
 - (a) On or as soon as practicable after a day on which any first or second dividend is paid to Shareholders (a "Reinvestment Day"), the funds held by the Scheme Manager on behalf of each Shareholder shall be applied on behalf of that Shareholder in the subscription for the maximum number of New Shares as can be acquired with those funds.
 - (b) The number of New Shares issued to a Shareholder pursuant to condition 2 (a) above shall be calculated by dividing the aggregate value of the dividends paid on the Shares to which that Shareholder is entitled by the greater of (i) the net asset value

per Share of Albion Venture Capital Trust PLC (as determined by the board of directors of the Company, which will normally be the most recently announced financial year end or half yearly net asset value per Share, as adjusted for the relevant dividend in question); and (ii) the nominal value per Share

- (c) No fractions of Shares will be issued under the Scheme. Any balance of cash remaining with the Scheme Manager after the subscription shall be held by the Scheme Manager on behalf of the Shareholder to whom it relates and added to the cash available in respect of that Shareholder for the subscription of Shares on the next Reinvestment Day. No interest shall accrue or be payable by the Scheme Manager in favour of any Shareholder on any such cash balances.
 - (d) The Scheme involves the reinvestment of the whole dividend paid on each Shareholding each time a dividend is paid by the Company together with any cash residue brought forward from the previous dividend. Partial reinvestment of dividends is only permitted by nominees, who need to lodge an application for each Reinvestment day quoting the number of Shares in respect of which their election is made. Shareholders will remain in the Scheme so that all future dividends will be reinvested in the same way, until they give notice in writing to the Scheme Manager that they wish to terminate their participation in the Scheme either in relation to a particular dividend, or all future dividends.
3. The Scheme Manager shall immediately after the subscription of Shares in accordance with condition 2 hereof take all necessary steps to ensure that Shareholders are entered onto the register of the Fund as the registered holders of the Shares issued to them in accordance with condition 2(b) above, and that share certificates in respect of such Shares are issued and delivered to Shareholders at their own risk as soon as is reasonably practicable (unless such Shares are to be uncertificated). Shareholders will also be sent a certificate of income tax relief for the amount of the dividends reinvested. Shareholders will receive with their share certificates (if any) a statement detailing:
- (a) the dividend available for reinvestment;
 - (b) the price per New Share subscribed and the date of issue;
 - (c) the number of New Shares issued and the total cost; and
 - (d) the cash to be carried forward for investment on the next Reinvestment Day.
4. Application to join the Scheme can be made at any time. However, applications to join the Scheme need to have been received by the Scheme Manager at least 15 business days prior to a dividend being paid, to be reinvested.
5. All costs and expenses incurred by the Scheme Manager in administering the Scheme will be borne by the Company.
6. Each Shareholder warrants to the Scheme Manager that:
- (a) during the continuance of his or her participation in the Scheme he or she will remain the sole owner of the Shares mandated to the Scheme free from encumbrances or security interests;
 - (b) all information set out in the Application Form for participation in the Scheme is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Manager; and
 - (c) during the continuance of his or her participation in the Scheme he or she will comply with the provisions of condition 7 below.

7. The right to participate in the Scheme will not be available to any person who has a registered address in any jurisdiction outside the United Kingdom. No such person receiving a copy of the Scheme documents may treat them as offering such a right unless an offer could properly be made without such compliance. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).
8. The Shareholder acknowledges that the Scheme Manager is not providing discretionary management service. Neither the Scheme Manager or the Company shall be responsible for any loss or damage to Shareholders as a result of their participation in the Scheme unless due to the negligence or default of the Scheme Manager or the Company (respectively), its servants or agents.
9. The Shareholder may at any time by notice to the Scheme Manager terminate his or her participation in this Scheme, but at least 15 business days prior to a dividend being paid, to be reinvested and withdraw any monies held by the Scheme Manager on his or her behalf in relation thereto. If a Shareholder shall at any time cease to hold any Shares in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the Scheme. Whenever a nominee sells Shares on behalf of the beneficial owner of such Shares, the nominee agrees to notify the Scheme Manager of the full details of the sale as soon as practicable. Neither the Company nor the Scheme Manager shall be responsible for any loss or damage as a result directly or indirectly of a failure by a nominee to comply with such obligation.
10. If a Shareholder withdraws from the Scheme and a cash balance remains of less than £1 that balance will not be repaid, but will be donated to a recognised registered charity.
11. The Company and the Scheme Manager shall be entitled, at any time to suspend the operation of the Scheme and/or to terminate the Scheme without notice to the Shareholders and/or to refuse to reinvest dividends due on Shares held by a nominee where the Scheme Manager is unable to obtain confirmation as to the identity and shareholders of beneficial holders. In the event of termination, the Scheme Manager shall, subject to condition 10 above, pay to each Shareholder all of the monies held by the Scheme Manager on his or her behalf.
12. All notices and instructions to be given to the Scheme Manager shall be in writing and delivered or posted to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.
13. The Scheme Manager shall be entitled to amend the Scheme and conditions on giving one month's notice in writing to all participating Shareholders. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Shareholders unless in the Scheme Manager's opinion the change materially affects the interests of Shareholders. Amendments to the Scheme terms and conditions which are of a minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of shareholders may be effected without notice.
14. By completing and delivering the Application Form, the Shareholder:
 - (a) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - (b) declares that a loan has not been made to the Shareholder or any associate which would not have been made or not been made on the same terms but for the Shareholder offering to subscribe for, or acquiring, New Shares and that the New

Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.

15. Subscriptions for venture capital trust shares only attract tax reliefs if in any tax year subscriptions or purchases of Shares in all venture capital trusts do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes). Investors are responsible for ascertaining their own tax status and liabilities and neither the Scheme Manager nor the Company can accept any liability in the event they do not receive any venture capital trust tax relief.
16. Since dividends on Shares acquired in excess of £200,000 in any tax year will not be exempt for income tax in the same way as Shares acquired within this limit Shareholders will generally be liable to tax on such dividends. The Scheme Manager will nevertheless invest the whole of such dividends unless notified to the contrary in writing at least 15 business days before a Reinvestment Day.
17. The Company shall not be required to issue New Shares hereunder if the Directors of the Company so decide.
18. These Scheme terms and conditions shall be governed by, and construed in accordance with, English Law and each Shareholder submits to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring an action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders in any doubt about their tax position should consult their independent professional adviser.