



Albion Development VCT PLC
Offer for subscription of D Shares
Prospectus

ALBIONVENTURES

A copy of this document, which comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules of the Financial Services Authority ("FSA") pursuant to Part VI of the Financial Services and Markets Act 2000, has been approved by and filed with the FSA in accordance with Rule 3.2 of the Prospectus Rules.

Application has been made to the UKLA for the D Shares to be issued pursuant to the Offer to be admitted to the Official List and to the London Stock Exchange for the admission of such D Shares to trading on its main market for listed securities. It is expected that such admission will become effective and that dealing will commence within 10 business days of allotment.

The Directors of the Company, whose names are set out on page 54 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (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.

Brewin Dolphin Limited, which is authorised and regulated by the FSA, is acting exclusively for the Company and for no-one else in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Brewin Dolphin Limited or for providing advice in connection with the Offer.

ALBION DEVELOPMENT VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3654040)

Offer for Subscription of up to 25,000,000* D Shares of 50 pence each at 100 pence per share

Sponsored by
Brewin Dolphin Limited

***Early investors will be entitled to additional D Shares and financial intermediaries are able to waive initial introductory commission in order that additional D Shares can be allotted to investors. Such D shares will not be counted in the overall maximum number of D Shares being offered (see the section entitled "Application for D Shares" on page 13 of this document. The Directors reserve the right to increase the number of D Shares available under the Offer to 30,000,000. The Offer is conditional on the passing of the Resolutions being proposed at the General Meeting of the Shareholders of the Company to be held on 28 October 2009.**

The aggregate share capital of the Company immediately following the Offer, assuming that the maximum subscription of £25,000,000 is achieved and excluding the additional D Shares issued to early investors in accordance with the section entitled "Application for D Shares" on page 13 and any D Shares issued as a result of waived commission, will be as follows:

	Authorised		Issued and fully paid	
	<i>No. of Shares</i>	<i>Nominal Value</i>	<i>No. of Shares</i>	<i>Nominal Value</i>
Ordinary Shares	50,000,000	£25,000,000	32,713,157	£16,356,578
D Shares	40,000,000	£20,000,000	25,000,000	£12,500,000

The final closing for the Offer for the 2009/2010 tax year will be 12 noon on 5 April 2010 unless closed earlier. The final closing for the 2010/2011 tax year will be 12 noon on 30 April 2010 unless closed earlier. The terms and conditions of the Offer are set out on pages 55 to 60 of this document followed by Application Forms for use in connection with the Offer. This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for D Shares in any jurisdiction in which such offer or solicitation is unlawful.

Prospective investors should carefully consider the risk factors set out on pages 5 to 7 of this document before taking any action.

Terms defined in this document are set out under the heading "Definitions" on page 52 of this document.

**Application Forms in respect of the Offer should be sent by post or hand delivered to
Albion Ventures LLP, 1 King's Arms Yard, London EC2R 7AF.**

1 October 2009

CONTENTS

SUMMARY	3
RISK FACTORS	5
LETTER FROM THE CHAIRMAN	8
EXPECTED TIMETABLE	10
OFFER STATISTICS	10
PART I	
Tax benefits to investors	11
Tax benefits of VCTs compared to pensions	12
The Offer	13
Investment policy of the Company	15
Dividend and buy back policy	16
Track record of the Company	17
Directors	19
The Manager	20
PART II	
Taxation considerations for investors	24
PART III	
Venture Capital Trust status	26
PART IV	
Financial information	28
PART V	
Additional information	35
Definitions	52
Directors, Manager and Advisers	54
PART VI	
Terms and conditions	55
Notes on completion of the Application Form	59
Application Forms	

SUMMARY

This summary should be read as an introduction to the full text of this document and any investment decision relating to the Offer should be based on the consideration of this 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 this prospectus.

The Offer

Albion Development VCT PLC 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. To date, dividends of 49.8 pence and 35.7 pence per Share have been paid out to Ordinary and C Shares respectively and the Net Asset Value Returns of both classes of Share have outperformed the FTSE All Share Index since launch.

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 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.

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.

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 funds, principally seven venture capital trusts, with net assets of approximately £200 million (as at 28 September 2009, unaudited) under management, 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 recently won “VCT of the Year” at the 2009 Investor All Stars Venture Capital Awards and has been nominated for “VCT Manager of the Year” at the 2009 British Private Equity Awards.
- The Manager has an active policy of returning cash to shareholders through dividends and share buy-backs. To date, £103.4 million has been returned in this way to shareholders in the VCTs it manages.

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.

General

- 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 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.
- Introductory commission is being offered to authorised financial intermediaries as either an initial one-off introductory commission of 3.0 per cent. or an initial introductory up-front commission of 2.5 per cent. plus additional annual trail commission payments of 0.25 per cent. for up to four years following subscription, provided that the intermediary continues to act for the investor.

RISK FACTORS

Prospective investors should carefully review the following risks which the Directors consider to be material at the date of this document in relation to the D Shares, and more generally, closed-ended investment funds of the same type and profile as the Company.

Prospective investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA before investing in the D Shares.

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. An investment in D Shares is only suitable for investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested). Prospective investors should therefore consult an independent adviser authorised under the FSMA before investing.

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. The Company and the Directors consider the following risks to be material for potential investors, but 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. Additional risks and uncertainties currently unknown to the Company and the Directors (such as changes in legal, regulatory or tax requirements) or which the Company and the Directors currently believe are immaterial, may also have a material adverse effect on the financial condition or prospects of the Company or the trading price of shares.

Taxation risk

- It is the intention of the Directors and the Manager that Albion Development VCT will be managed so as to qualify as a VCT. A 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.

Further details of the taxation implications of an investment in Albion Development VCT are given in Part II. Failure to meet the qualifying requirements could, in addition, result in a loss of the listing of the D Shares.

- The levels and bases of taxation may change and such changes may be retrospective. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors.
- 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. On this basis, investing in D Shares should be considered a long-term investment.
- 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 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 Company over an asset will not always provide full capital protection for an investment.
- 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. This factor may be exacerbated by the fact that any purchaser of existing Shares in the Company, as opposed to a subscriber for D Shares pursuant to the Offer, will not qualify for income tax relief at 30 per cent. of the amount invested.

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.

Accounting policies

- Statements made in this document concerning returns to Shareholders are based on current UK generally accepted accounting practice ("UK GAAP"). UK GAAP is likely to be subject to change, for example through ongoing convergence with International Financial Reporting Standards. Any changes to UK GAAP may affect the Company's ability to provide returns to Shareholders as envisaged in this document.

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.

LETTER FROM THE CHAIRMAN

Albion Development VCT PLC

(Registered in England and Wales Registered Number 3654040)

Telephone: 020 7601 1850 Fax: 020 7601 1875

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

Directors

Geoffrey Vero FCA (*Chairman*)

Andrew Phillipps PhD, MBA

David Pinckney MA, FCA

Jonathan Thornton MA, MBA, FCA

1 October 2009

Dear Investor

Since the launch of Albion Development VCT ten years ago, the Company has had considerable success in generating attractive returns for Shareholders through investment in smaller unquoted UK companies. I am therefore delighted to be writing to you now as Chairman of Albion Development VCT PLC about our new D Share Offer.

The other Directors and I believe that the Offer has a number of clear benefits for potential investors, including the following:

TAX BENEFITS

Individual investors are entitled to a range of attractive tax benefits when investing in VCTs because of UK government incentives to help investment in small companies. These include upfront income tax relief of 30 per cent., tax-free dividends and tax-free capital gains on disposal, subject to conditions outlined on page 24 of this document. We believe that the combination of these tax benefits are particularly attractive at a time when recent legislation has diminished the attractions of pension investments for high earners and has increased the higher rate of income tax in the forthcoming tax year.

INVESTMENT OPPORTUNITIES

The current market conditions are providing interesting investment opportunities. The new funds raised will be invested in line with the Company's investment policy, that of achieving a diversified portfolio combining lower-risk often asset-backed investments, with a smaller number of higher-growth investments. In particular, we will be looking at the healthcare and environmental sectors which we believe offer strong longer-term growth prospects, as well as the potential for resilience during a downturn. In addition, the Company will continue to look at a broad range of undervalued businesses in a variety of sectors as well as consumer-defensive companies.

LOWER RISK

The Company aims to structure investments in such a way as to reduce the risks normally associated with investment in small companies. This is achieved by a large allocation to secured loan stock investments which are designed to provide a stable and predictable income stream as well as a high level of capital protection. Our portfolio companies generally have no external borrowings with a prior charge ranking ahead of the Company. Lastly, as part of a portfolio of seven VCTs, Albion Development VCT is able to co-invest alongside other funds where appropriate.

EARLY INVESTMENT OFFER

Successful subscribers for D Shares applying on or 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 Share. D Shares allotted under this first allotment are expected to be admitted to dealing within 10 business days of allotment. The cost of additional D Shares allotted in this way will be funded by the Manager out of its 5.5 per cent. fee under the Offer Agreement.

ALBION VENTURES – A LEADING VENTURE CAPITAL INVESTMENT MANAGER

We are pleased to have Albion Ventures as the Manager of Albion Development VCT. Albion Ventures' investment team has one of the longest and most successful track records in the UK VCT industry. Albion recently won "VCT of the Year" at the 2009 Investor All Stars Venture Capital Awards and the team has been nominated for "VCT Manager of the Year" at the 2009 British Private Equity Awards. A recent shareholder survey conducted by Albion Ventures highlighted high satisfaction levels with their investment performance. The team are committed to providing Shareholders with both continued dividend generation and capital growth over the longer term.

I look forward to welcoming you as a D Shareholder.

Yours sincerely

Geoffrey Vero

Chairman

EXPECTED TIMETABLE

Latest time and date for receipt of forms of proxy for the General Meeting	12 noon on 26 October 2009
General Meeting to approve the Offer	12 noon on 28 October 2009
Subscription list for the Offer opens	8.00 am on 29 October 2009
First closing for the Offer	12 noon on 23 December 2009
Final closing for the Offer for the 2009/2010 tax year (unless closed earlier)	12 noon on 5 April 2010
Final closing for the Offer for the 2010/2011 tax year (unless closed earlier)	12 noon on 30 April 2010

Dealing on the main market of the London Stock Exchange is expected to commence within 10 business days of each allotment date.

The Directors reserve the right to allot and issue D Shares at any time whilst the Offer remains open. Despatch of definitive D Share and tax certificates is expected to be completed approximately two weeks after each allotment. CREST accounts are expected to be credited by no later than the business day following the allotment.

OFFER STATISTICS

Offer Price per D Share	100p
Issue costs per D Share	5.5p
Initial Net Asset Value per D Share	94.5p*
Maximum number of D Shares in issue following the Offer	25,000,000**
Maximum net proceeds of the Offer, after issue costs	£23,625,000**

*Based on the 100p subscription price less expenses of the Offer of 5.5p per D Share.

**Excluding any D Shares issued to early investors or in respect of waived commission in accordance with the section entitled "Application for D Shares" on page 13. A maximum of 1,000,000 additional D Shares could be issued to early investors and in respect of waived commission should the Offer be subscribed to the 25,000,000 level.

The Offer may also be increased to 30,000,000 D Shares at the discretion of the Directors.

PART I

TAX BENEFITS TO INVESTORS

VCTs have particularly strong tax benefits for private investors. In the current tax year VCTs offer the following income and capital gains tax advantages in respect of investments of up to £200,000 per person per tax year:

- Tax paying investors receive income tax relief at 30 per cent. on the amount invested under the Offer, irrespective of the investor's marginal rate of income tax. This reduces the effective net cost of the investment to 70 pence for each £1 invested, provided the D 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;
- 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.

The example below demonstrates, for illustrative purposes only, the financial effects of the tax incentives available to a private investor in a VCT and the extent to which the return on both income and capital may be enhanced. The example shows the return from an investment in a VCT by a higher rate income tax payer, even if the D Shares show no capital growth on the Offer Price.

	The return for a higher rate income tax payer investing in the Company
Amount invested	£10,000
Effective holding cost after income tax relief	£7,000
Income Return	
Average annual dividend over 5 year period	£250
Annual return on effective holding cost	3.6%
<i>Equivalent annual return grossed up for an income tax payer at 50%</i>	7.1%
<i>Equivalent annual return grossed up for an income tax payer at 40%</i>	6.0%
Total return over five years (i.e. dividends paid plus the Net Asset Value of £10,000)	£11,250
Total annualised return from income and capital, free of tax	8%

Source: Albion Ventures

Underlying assumptions relating to the above table

- (i) The investor subscribes £10,000 under the Offer.
- (ii) The effective holding cost of investment is calculated after deducting income tax relief at 30 per cent.
- (iii) The investor receives an average annual net dividend of 2.5 pence per D Share over the first five years following investment. This does not assume any dividends paid from capital profits. By comparison the average dividend paid over the life of the Company to Ordinary and C Shareholders has been 4.6 and 5.2 pence per Share respectively.
- (iv) The investor disposes of his 10,000 D Shares after five years at a price of 100 pence per Share. Investors should note however that venture capital investments should be made for the longer-term and that parts of the portfolio, in particular those in the technology sector, are unlikely to mature within a five year time-scale.
- (v) The investor has a marginal rate of income tax of 40 or 50 per cent., as specified.

The Directors and Manager consider that the assumptions underlying the example set out above are fair and reasonable. Nevertheless, the example is provided for illustrative purposes only and should not be regarded as a forecast of dividends or profits. It should be noted that neither the dividends nor the capital return from an investment in the Company can be predicted with any certainty and that they may differ materially from the example shown.

TAX BENEFITS OF VCTS COMPARED TO PENSIONS

The combination of a VCT's tax benefits are particularly attractive at a time when recent legislation has diminished the attractions of pension investments for high earners, and promises to increase the higher rate of income tax.

From 2010, complex rules introduced in the 2009 Budget mean that high earners could receive as little as 20 per cent. income tax relief on additional pension contributions, and potentially as much as 50 per cent. tax on income at retirement, after their initial tax-free lump sum. This means that VCTs have perhaps now become the tax shelter of choice for many investors.

The worked example below shows that VCTs offer an attractive long-term tax shelter for high earners compared to pensions. Based on certain assumptions (see footnotes), a high earner would receive preferential initial income tax relief and long term income tax treatment, as well as no cap on total holdings for their VCT investments.

A comparative example of VCTs and Pensions		
	VCT	Pension
Gross Investment	£200,000	£200,000
Effective Net Investment	£140,000	£156,000
Effective Tax Relief	£60,000 ⁽¹⁾	£44,000 ⁽²⁾
Effective % Tax Relief	30%	22% ⁽³⁾
Income Tax	None on dividends None on capital	25 per cent. of fund at retirement can be taken as tax-free lump sum. Balance taxed as earned income
Capital Gains Tax	None on share disposal	n/a
Holding Period	5 Years	Hold until retirement ⁽⁴⁾
Maximum Annual Investment	£200,000	Lower of £245,000 or taxable income
Maximum Total Investment	None	£1,750,000

Source: Albion Ventures

This example shows the comparative tax treatment of an investor aged 50 earning £200,000 per annum wishing to make a gross investment of £200,000 in the 2009/10 tax year. It assumed that the investor has not paid pension contributions from the 2007/08 tax year onwards and that the Special Annual Allowance that will apply is £20,000. This should not be relied upon for tax advice. Please refer to your tax adviser for full information on the tax benefits and risks.

- (1) Reclaimed via self-assessment.
- (2) In this example, £40,000 (20 per cent. basic rate tax relief) re-invested into pension fund and £4,000 net reclaimed via self-assessment.
- (3) Complex pension rules introduced in April 2009 limit higher rate relief for individuals with total income over £150,000 p.a. These individuals will receive a tapered rate of relief between the higher rate (which is due to increase to 50 per cent. from April 2010) and 20 per cent. The exact nature of the taper is not yet known.
- (4) Earliest retirement age is 55 years from April 2010.

THE OFFER

The typical investors for whom the D Shares are designed are professionally-advised private investors (both sophisticated and retail) seeking, over the longer term, both a regular predictable source of income from an investment in a diversified portfolio of UK unquoted companies with the prospect of a capital gain.

The D Shares may also be suitable for investors who are financially sophisticated non-advised private investors who are capable of evaluating the risks and merits of an investment in the D Shares and who have sufficient resources to bear any loss which may result from an investment in the D Shares. Such investors may wish to consult an independent financial adviser before investing in the D Shares.

Benefits of the Offer

The Offer will provide benefits to existing Shareholders and to new D Shareholders.

For existing Shareholders, the Offer should result in an enlarged fund over which to spread the fixed costs of managing the Company, whilst at the same time enabling a broader investment portfolio to be built up.

For new D Shareholders, the Offer provides an opportunity to invest in an existing operational VCT and to participate in a carefully balanced and proven investment policy that is broadly similar to the majority of the other VCTs managed by the Manager, while benefiting from the substantial income tax benefits on investment that are available to UK taxpaying investors in the current tax year.

Amount to be raised under the Offer

The Company is seeking to raise £25 million (before expenses) through the Offer. The D Shares are offered at 100 pence each, payable in full upon application. The Directors reserve the right to increase the amount raised under the Offer up to £30 million.

The minimum subscription per investor under the Offer is £5,000 in respect of each of the tax years 2009/2010 and 2010/2011, and applications should be in multiples of £1,000. The maximum subscription will be limited to £200,000. The Offer is not conditional on any minimum amount being raised.

The Offer is conditional upon the Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms.

The net proceeds of the Offer (of approximately £23,625,000 million, assuming the Offer is subscribed for in full) will initially be placed on deposit, and subsequently applied in accordance with the investment policy of the Company, as set out in this document.

The Ordinary Shares and the D Shares will rank *pari passu* for voting purposes, other than for class resolutions. Dividend payments, however, will be payable to each class of Shareholder out of the reserves attributable to the respective class.

The merger of the D Shares will be at the Directors' discretion. However, this is anticipated to occur approximately 5 years after the Final Closing of the Offer and will be on the basis of the respective Net Asset Value of each Share class at the year end preceding the merger.

Early Investment Offer

Successful subscribers for D Shares applying on or before 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 Share. D Shares allotted under this first allotment are expected to be admitted to dealing within 10 business days of allotment date. The cost of additional D Shares allotted in this way will be funded by the Manager out of the 5.5 per cent. costs under the Offer Agreement.

Application for D Shares

Investors are encouraged to submit an Application Form (at the back of this document), accompanied by the payment for the D Shares as soon as possible, and, in any event, to be received by the Manager by

no later than 12 noon on 5 April 2010, in respect of the 2009/2010 tax year or 12 noon 30 April 2010 in respect of the 2010/2011 tax year, to be confident that their application will be successful.

Subject to the maximum subscription of £200,000 per investor for each tax year, multiple subscriptions will be permitted.

Applicants should telephone 0808 1781680 (calls to this number from UK landlines are usually free; charges are often made by mobile networks; calls to this number may be recorded) or write to Customer Service Team, Albion Ventures, 1 King's Arms Yard, London EC2R 7AF to request additional Application Forms. Electronic copies of this prospectus and the Application Form can be found on Albion Ventures' website at www.albion-ventures.co.uk.

The final date for receipt of applications under the Offer, to the extent the Offer is not already fully subscribed, will be 12 noon on 30 April 2010.

Allotment and listing of the D Shares

The first allotment is expected to be on or around 23 December 2009, the final allotment in respect of the 2009/2010 tax year will be no later than 5 April 2010 and the final allotment in respect of the 2010/2011 tax year will be no later than 30 April 2010. For all allotments, it is expected these D Shares will be admitted to dealing within 10 business days of allotment, against payment in full being received from the relevant applicant.

It is expected that an announcement will be made on a Regulatory Information Service following each allotment stating the number of D Shares allotted and, following the closing of the Offer on 30 April 2010, stating the results of the Offer and the basis of allocation of D Shares in the event that the Offer is over subscribed. Dealings in the D Shares allotted pursuant to the Offer will not be permitted prior to Admission.

Application has been made to the UK Listing Authority for the D Shares issued under the Offer to be admitted to the Official List, and to the London Stock Exchange for the D Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. At least one market maker is expected to be appointed. The D Shares will be issued in registered form and will be transferable.

Introductory commission

Introductory commission is being offered by the Manager to authorised financial intermediaries as either an initial one-off introductory commission of 3.0 per cent. or an initial introductory up-front commission of 2.5 per cent. plus additional commission payments of 0.25 per cent. per annum. The additional annual trail commission will be calculated by reference to the number of D Shares held on 31 December in each year, commencing on 31 December 2010 provided that the intermediary continues to act for the investor. The additional commission will cease to be payable if the appointment of Albion Ventures as Manager is terminated and will cease, in any event, from 31 December 2013.

The initial introductory commission may be waived at the option of the financial intermediary and used to satisfy an additional allotment of D Shares to the underlying investor at the Offer Price.

Total costs

The costs of the Offer (including introductory commission) are fixed at 5.5 per cent. of funds raised. Assuming the Offer is fully subscribed at £25 million, the total costs of the Offer will amount to £1,375,000. The costs of the Offer will be borne only by those investors subscribing for D Shares. The 5.5 per cent. fee will be paid to the Manager at the time of each allotment, and will be the maximum cost to the Company under the terms of the Offer. In the event that costs exceed this sum, the Manager will make up the shortfall.

INVESTMENT POLICY OF THE COMPANY

The Company's established 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 that provide a strong income stream, combined with investment in a smaller number of higher-risk companies with greater growth prospects.

Lower-risk portfolio

Businesses will be selected which are lower-risk, often with freehold or long-leasehold property as their major asset, although other asset types may be considered. Many will be in property-intensive business in the leisure sector. The Company will also invest in stable and profitable businesses in other sectors such as business services and healthcare, some of which may also have asset-backing.

Growth portfolio

These investments will include a smaller number of higher-risk unquoted companies with greater growth prospects in sectors such as information and medical technology and services. Investments will be selected for their growth prospects and will be unlikely to have external borrowings. While many will be later stage, established businesses, some will be early stage and may, on occasion, have yet to earn any income.

Investment risk management

Investments are structured in such a way as to reduce the risks normally associated with investment in small companies. This is achieved by a large allocation to secured loan stock investments capable of providing a stable and predictable income stream and capital protection. The policy is for portfolio companies to have no external borrowings with a prior charge ranking ahead of the Company.

Up to two-thirds of the Company's Qualifying Holdings by cost will comprise loan stock secured with a first charge on the Investee Company's assets.

Funds held pending investment and for liquidity purposes will be held as cash on deposit, or in floating rate notes or similar instruments, with banks or financial institutions with a Moody's rating of A or above.

Further information regarding the application of the current investment policy is shown in the Track Record section on pages 17 and 18.

Venture Capital Trust status

When implementing its investment policy, the Company also has regard to the HMRC rules regarding investment allocation and risk diversification. In order to maintain status under Venture Capital Trust legislation, the tests set out in Part III must be met.

These tests require a spread of investment risk through disallowing holdings of more than 15 per cent. of the total HMRC defined value of the portfolio in any one Investee Company.

As at 28 September 2009, being the latest practical date prior to publication of this document, the Ordinary Shares were 80 per cent. invested in Qualifying Holdings for VCT purposes.

Qualifying Holdings for Albion Development 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 an Investee Company.

For the Ordinary Share portfolio, the gross assets of an Investee Company must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company.

For the D Share Portfolio, the following additional restrictions on investment will apply;

- an Investee Company's gross assets must not exceed £7 million immediately prior to the investment and £8 million immediately thereafter;
- new Investee Companies may only raise a maximum of £2 million in any 12 month period from funds sourced from VCTs, Enterprise Investment Schemes or Corporate Venturing Schemes which raised funds subsequent to 5 April 2007; and
- Investee Companies must have fewer than the equivalent of 50 full-time employees at the time of investment.

Those investments which are permitted for both classes of Share will be allocated between them in the ratio of funds available for investment.

The Manager estimates that, of the investments it has made over the past three years and which qualified under the VCT rules in place under the previous legislation, approximately 70 per cent. by value would qualify under the new legislation.

In accordance with the Listing Rules, any material change in the Company's investment policy will only be made if approved by an ordinary resolution of Shareholders in a general meeting.

Under the Articles of Association, the Company's borrowing powers are limited to 10 per cent. of the Company's audited adjusted share capital and reserves. As at 31 December 2008, and until the publication of the audited accounts for the year ending 31 December 2009, the Company's maximum potential borrowing is £2,534,000. At the date of this document, it had no actual short term or long term borrowing. The Directors do not currently have any intention to utilise long term borrowing.

While the Company may enter into derivative transactions for efficient portfolio management purposes in respect of up to a maximum of 10 per cent. of its gross assets, the Company has no current intention of doing so and will not enter into derivative transactions for speculative purposes.

DIVIDEND AND BUY BACK POLICY

It is the Company's policy to create a strong and predictable dividend stream by supplementing dividends derived from investment income with distributions from realised capital profits. Dividends in respect of Ordinary Shares and D Shares will be paid out of the reserves generated by each respective class.

To date, dividends of 49.8 pence and 35.7 pence per Share have been paid out to Ordinary and C Shareholders respectively representing averages of 4.6 and 5.2 pence per Share per annum respectively. Initially, for the D Shares, dividends will be generated solely from revenue profits generated by the D Share portfolio. It is intended that, once fully invested and assuming the Offer is subscribed for in full, the Company will generate revenue dividends of in the region of 2 to 3 pence per D Share per annum. However, this should not be regarded as a forecast of dividends or profits. In due course, dividends from revenue profits may be supplemented by dividends from capital profits.

Costs for the Company will be allocated according to the ratio of Net Asset Value per Share for each class of Share.

Following the merger of the Ordinary Shares and D Shares, dividends will be paid out of the combined distributable reserves of the Company.

The Company operates a Dividend Reinvestment Scheme in respect of the Ordinary Shares, under which Shareholders may reinvest their dividends in new Shares, which entitles them to further income tax relief on the amount of their dividend. The Directors intend to introduce a Dividend Reinvestment Scheme in respect of D Shares in due course.

The Company offers a buy-back policy for Ordinary Shares and will do the same for D Shares. Whilst the discount to Net Asset Value at which Ordinary Shares have recently been bought back by the Company has widened as a result of recent market volatility, it is the Directors' intention that this discount should be brought back to around 10 per cent. over the long term.

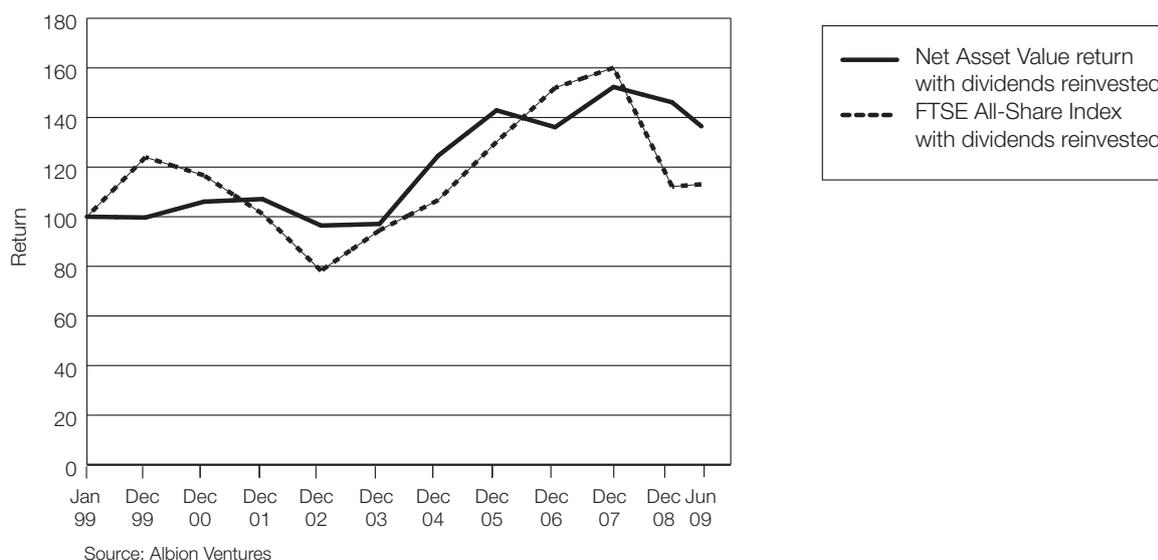
TRACK RECORD OF THE COMPANY

The audited Annual Report and Financial Statements for Albion Development VCT for the year ended 31 December 2008, and the unaudited Half-yearly Financial Report for the six months ended 30 June 2009, have been prepared and are incorporated by reference into Part IV of this document.

From launch to 30 June 2009, the Company recorded a Return (with dividends reinvested) of 36.5 per cent. compared to the FTSE All Share Index of 13 per cent., and an average annual dividend of 4.6 pence per Ordinary Share and 5.2 per C Share.

The Ordinary Shares' Total Return relative to the FTSE All Share Index, (in both cases with dividends reinvested) since launch, is shown below.

**Net Asset Value total return relative to FTSE All-Share Index
(in both cases with dividends reinvested)**



The Total Return to Ordinary Shareholders to 30 June 2009 is illustrated below:

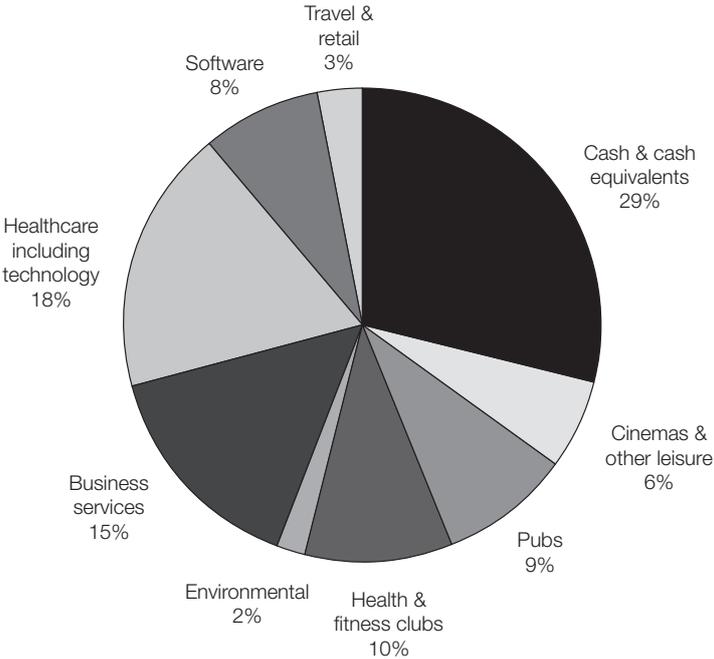
	<i>Ordinary shares (pence per share)</i>
Total dividends paid during the year ended:	
31 December 1999	1.0
31 December 2000	2.9
31 December 2001	4.0
31 December 2002	4.2
31 December 2003	4.5
31 December 2004	4.0
31 December 2005	5.2
31 December 2006	3.0
31 December 2007	5.0
31 December 2008*	12.0
	<hr/>
Total dividends paid to 30 June 2009	45.8
Net asset value as at 30 June 2009	79.2
	<hr/>
Total shareholder net asset value return to 30 June 2009	<u>125.0</u>

*A dividend of 4 pence per Ordinary Share was paid in advance of the first dividend for the year ending 31 December 2009, on 30 December 2008.

In addition to the dividends paid as detailed above, the Company paid a dividend of 4 pence per Ordinary Share on 25 September 2009.

Prospects

The split of Ordinary Share portfolio valuation by sector as at 30 June 2009 was as follows;



Source: Albion Ventures

Due to the diversified nature of its portfolio of investments, and supported by the fact that, as a policy, Investee Companies should not normally have external borrowings, the Company has performed relatively robustly against a harsh economic background. Therefore the portfolio as a whole remains stable, despite a cautious view being taken by the Board of Investee Company valuations.

The key tasks for the Company are threefold: first to ensure that those investee companies that are not yet in profit, are positioned to achieve profitability; second, that the investment portfolio is capable of generating a satisfactory level of income for the Company; and third, to take advantage of the interesting investment opportunities at attractive values that the Directors believe are now available in the market.

Good progress has been made in the first area during the period to 30 June 2009, and in the second, the Company is continuing to focus on generating income from loan stock investments. For the third, the Manager continues to receive and review a strong flow of interest from companies seeking investment, with a particular emphasis on opportunities in the healthcare and environmental sectors, which are seen as an important source of future growth. At the same time, the Company is also taking advantage of value opportunities in other sectors as they arise.

The Directors believe that the potential investment opportunities in the sectors in which the Company invests will, in the current and in the next financial year, further build a base for the Company's stated strategy of providing investors with a regular and predictable source of income combined with the prospect of longer term capital growth.

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), has spent much of his career in venture capital, serving as a director of Causeway Capital Limited and ABN Amro Private Equity (UK) Limited which invested in small and medium sized unquoted businesses. He is a non-executive director of Crown Place VCT PLC (a VCT managed by Albion Ventures) and Numis Corporation Plc, and non-executive Chairman of EPE Special Opportunities Plc.

Andrew Phillipps (40) PhD, MBA (appointed 30 October 2007), after being awarded an honorary fellowship in materials science at Cambridge, he worked at Cookson Group and BOC Group in product development before co-founding Active Hotels, an online hotel reservation business in 1999. As Chief Executive, he grew the business to become a European market leader, before selling it to Priceline Inc. for \$161 million in 2004. He is currently an investor in, and a director of, a number of private companies.

David Pinckney (69) MA, FCA (appointed 8 December 1998), was with Peat Marwick (now KPMG) in London from 1963 to 1968, and from 1969 to 1983 in France. He became a partner in 1975 and Senior Audit Partner in 1978. He was then Managing Director of Wrightson Wood Financial Services Limited, where his work involved the provision of advice to companies seeking venture capital. In 1987 he joined Thornton & Co Limited, an international equity fund management group with a proportion of funds invested in smaller unquoted companies, first as Group Finance Director and subsequently as Joint Managing Director. From 1998 he was Chief Operating Officer – Far East, and then Vice Chairman, of AXA Investment Managers, the investment management arm of the AXA Group until he retired in December 2003. He is Chairman of Rutley European Property Limited, the AIM quoted Syndicate Asset Management PLC and of the three Ventus VCTs, and Chairman of their Audit Committees.

Jonathan Thornton (62) MA, MBA FCA (appointed 8 December 1998), has extensive experience in the management of unquoted investments. He was a director of Close Brothers Group plc from 1985 to 1998 and was responsible for establishing Close Brothers Private Equity, the private equity fund management arm of Close Brothers Group plc. Prior to this he worked for 3i plc and Cinven (two of the largest UK investors in unquoted companies). Over the past 25 years he has been a non-executive director of a number of smaller unquoted companies which have raised institutional capital. He is a director of Albion Venture Capital Trust PLC (a VCT managed by Albion Ventures LLP) and is a member of Albion Ventures' investment committee.

THE MANAGER

Summary

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.

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

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, as follows:

Total funds returned to shareholders	£ million
Revenue dividends	60.6
Capital dividends	21.4
Share buy-ins	21.4
Total	<u>103.4</u>

Source: Albion Ventures – as at 28 September 2009, being the latest practicable date prior to the publication of this document
Data includes Crown Place VCT PLC in respect of the period under Close Ventures Limited/Albion Ventures LLP management

Under the Management Agreement, Albion Ventures is responsible for, *inter alia*, the following functions:

- the origination and negotiation of investment opportunities;
- the selection of investments to be made by the Company, all of which are subject to the formal investment committee procedures adopted internally by the Manager;
- the continuing management and monitoring of the investment portfolios;
- the monitoring of the Company's continuing compliance with VCT status requirements;
- arranging for the realisation of investments, when appropriate to do so; and
- undertaking all accounting, administration and company secretarial functions for the Company.

The Manager acts on a discretionary basis. Each investment is subject to approval of an investment committee which comprises investment professionals from the Manager and external investment professionals. The Board does not play a role in selecting or approving investments – its task is to monitor the performance of the Manager.

The records of the VCTs managed by Albion Ventures are as follows:

	Date of commencement of trading	Total funds raised (£ million)	Average annual dividends since launch (pence per share)	Dividends to date plus Net Asset Value (pence per share)⁽¹⁾⁽²⁾
Albion Venture Capital Trust PLC				
Ordinary Shares	April 1996	39.7	7.9	190.1
C Shares ⁽³⁾	April 1997		7.7	178.6
Albion Protected VCT PLC	April 1997	27.9	3.2	111.8
Albion Development VCT PLC				
Ordinary Shares	January 1999	33.3	4.6	125.0
C Shares ⁽⁴⁾	December 2002		5.2	116.2
Albion Technology & General VCT PLC				
Ordinary Shares	January 2001	14.3	6.1	139.9
C Shares	January 2006	35.0	2.3	80.8
Albion Income & Growth VCT PLC	October 2004	45.4	2.6	78.8
Albion Enterprise VCT PLC	April 2007	30.4	1.3	90.5
Total		<u>226.0</u>		

Source: Albion Ventures

Notes

- (1) Inclusive of associated tax credit for periods up to April 1999.
- (2) Net Asset Value and dividends paid or declared as stated in latest publicly disclosed information.
- (3) Albion Venture Capital Trust's C Shares were converted into Ordinary Shares on 31 May 2000.
- (4) Albion Development VCT's C Shares were converted into Ordinary Shares on 31 March 2007.

Albion Ventures took over the investment management of Murray VCT PLC, Murray VCT 2 PLC and Murray VCT 3 PLC in April 2005. The performance of the fund since Albion Ventures became Manager, when the Net Asset Value per share was 43.4 pence (as at 28 February 2005, before accounting for the proposed dividend of 1 penny per share) is as follows:

	Date of change of Manager	Value of Fund April 2005 (£ million)*	Average annual dividends since April 2005 (pence per share)	Dividends since April 2005, plus Net Asset Value as at 30 June 2009 (pence per share)⁽¹⁾⁽²⁾
Crown Place VCT PLC	April 2005	37.7	2.1	43.5

Source: Albion Ventures

*aggregate of the Net Asset Values of Murray VCT PLC, Murray VCT2 PLC and Murray VCT3 PLC as at 28 February 2005.

The team

The following are specifically responsible for the management and administration of the VCTs managed by Albion Ventures, including the Company:

Patrick Reeve (49) MA ACA, qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Albion Ventures LLP (formerly Close Ventures) with the launch of Albion Venture Capital Trust PLC (formerly Close Brothers Venture Capital Trust PLC) in the spring of 1996. He is the Managing Partner of Albion Ventures and is a director of Albion Income & Growth VCT PLC, Albion Protected VCT PLC, Albion Technology & General VCT PLC and Albion Enterprise VCT PLC.

Isabel Dolan (44) BSc (Hons) ACA MBA, is the Operations Partner of Albion Ventures LLP having previously been Finance Director for a number of unquoted companies. Having qualified as a Chartered Accountant with Moore Stephens, from 1993 to 1997 she was Head of Recoveries at the Specialised Lending Services department of the Royal Bank of Scotland plc, and from 1997 to 2001 she was at 3i plc, latterly as a portfolio director. She joined Albion Ventures (formerly Close Ventures) in 2005.

Dr Andrew Elder (38) MA FRCS. After qualifying as a surgeon he practised for six years, specialising in neurosurgery before joining the Boston Consulting Group as a consultant in 2001, specialising in healthcare strategy. He joined Albion Ventures (formerly Close Ventures) in 2005.

Will Fraser-Allen (38) BA (Hons) ACA, is Deputy Managing Partner of Albion Ventures LLP, having qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Albion Ventures (formerly Close Ventures) in 2001.

Emil Gigov (39) BA (Hons) ACA, qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Albion Ventures (formerly Close Ventures) in 2000.

David Gudgin (37) BSc (Hons) ACMA. After working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments, responsible for investing an evergreen fund of US\$80 million, before joining Albion Ventures (formerly Close Ventures) in 2005.

Michael Kaplan (32) BA (Hons) MBA. After graduating from the University of Washington in 1999 with a BA in International Finance, he joined Marakon Associates as an Analyst. In 2000, he became the Chief Financial Officer of Widevine Technologies, a security software company based in Seattle. After graduating with an MBA from INSEAD, in 2004, he joined the Boston Consulting Group focusing on the retail and financial services industries. He joined Albion Ventures (formerly Close Ventures) in 2007.

Ed Lascelles (33) BA (Hons) joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Albion Ventures (formerly Close Ventures) in 2004.

Henry Stanford (44) MA ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He transferred to Albion Ventures (formerly Close Ventures) in 1998.

Robert Whitby-Smith (34) BA (Hons) MSI ACA qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Albion Ventures (formerly Close Ventures) in 2005.

Marco Yu (32) MPhil MA MRICS, qualified as a chartered surveyor in 2004. From 2002 to 2005, he worked at Bouygues (UK), developing cost management systems for PFI schemes, before moving to EC Harris in 2005, where he advised senior lenders on large capital projects. He joined Albion Ventures (formerly Close Ventures) in 2007.

Management fees

Under the Management Agreement and the Supplemental Management Agreement, the Manager is paid an annual fee equal to 2.25 per cent. of the Net Asset Value of the Ordinary and the D Shares, payable quarterly in arrears.

Out of the management fee, the Manager will pay trail commission equivalent to 0.25 per cent. of the subscription value, to those authorised financial intermediaries who have elected for a trail commission payment and whose clients continue to hold D Shares at each trail commission payment date. The additional commission will commence on 31 December 2010 and end on 31 December 2013. The additional commission will cease to be payable if the appointment of the Manager is terminated.

The Manager will, in addition, be entitled to an annual incentive fee in the event that returns exceed minimum target levels per Ordinary and D Share. These minimum target levels, comprising the aggregate of dividends and Net Asset Value growth, will be equivalent to an annualised rate of return of 6.5 pence per share per annum. The incentive fee will comprise 20 per cent. of the excess return achieved by the Company over the target returns for each financial period. The starting point for the target return for Ordinary Shares was 98.7 pence per share as at 1 January 2007, and for the D Shares, will be the Offer Price.

Further details of the Management Agreement and the Supplemental Management Agreement are given in paragraphs 6.2 and 6.3 of Part V of this document.

PART II

TAXATION CONSIDERATIONS FOR INVESTORS

Prospective investors should note that the summary below sets out the relevant provisions of current UK taxation legislation.

The following paragraphs are intended as a general guide only and are based on current legislation and HM Revenue & Customs 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.

1. Approval

To obtain VCT status a company must be approved by HMRC as a VCT. HMRC has granted the Company approval as a VCT and has confirmed that the proposed issue of D shares does not prejudice that approval.

2. Tax reliefs for individual investors resident in the UK

Individuals must be aged 18 or over to qualify for VCT tax reliefs.

Relief from income tax

An investor subscribing up to £200,000 in the current tax year for shares in a VCT will be entitled to claim income tax relief on the investment, in the year in which the investment is made, at the rate of 30 per cent. (regardless of the rate at which the investor pays income tax for that year) although this relief would be withdrawn in whole or in part should the shares be sold within five years. Relief is given by way of 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.

An investor who subscribes for or acquires shares in a VCT will not be liable for UK income tax on dividends paid by the VCT in respect of investments up to a maximum of £200,000 in the current tax year.

Relief from capital gains tax

An investor who disposes of shares in a VCT will be exempt from tax on gains arising on their disposal while any loss will not be an allowable capital loss. This treatment applies to shares however acquired, up to the permitted maximum of £200,000 in the current tax year.

Loss of tax reliefs

- (i) If a company loses approval as a VCT, tax reliefs previously claimed will be withdrawn and the company will be treated as if it was never entitled to the exemption from capital gains tax and will therefore be liable to corporation tax on all chargeable gains it has realised.
- (ii) For investors, the withdrawal of formal approval as a VCT may (depending upon the timing of such withdrawal) result in:
 - clawback of the 30 per cent. tax relief on subscription on D shares;
 - income tax becoming payable on payments of dividends by the company; and
 - a liability to tax on capital gains being suffered in the normal way on the disposal of shares in the company, except that any part of the gain attributable to the period for which the VCT was approved would be exempt.

3. Investors who are not resident in the UK

Non-resident investors should seek their own professional advice as to the consequences of making an investment in the Company as they may be subject to tax in another jurisdiction.

4. Stamp duty and stamp duty reserve tax

No stamp duty or, unless the D Shares are issued to a nominee for a clearing system or a provider of depository receipts, stamp duty reserve tax ("SDRT") will be payable on the issue of the D Shares.

Except in relation to depository receipt arrangements or clearance services, where special rules apply, under current UK legislation relating to stamp duty and SDRT, the transfer or conveyance on the sale of shares will generally be subject to stamp duty on the instrument of transfer, normally at the rate of 0.5 per cent. of the amount of the (VAT inclusive) consideration (with duty rounded up to the nearest £5).

PART III

VENTURE CAPITAL TRUST STATUS

Albion Development VCT has currently been granted approval as a venture capital trust under Part 6 ITA.

To continue to hold this approval, the conditions summarised below have to be satisfied in relation to the accounting period of the VCT which is current when the application for approval is made, or in any event must be satisfied by no later than the beginning of the VCT's next accounting period:

- the VCT's income must have been derived wholly or mainly from shares or securities;
- no holding in a company by the VCT may represent more than 15 per cent. by value of the VCT's investments;
- eligible (non-preferential ordinary) shares must comprise at least 10 per cent. of the HMRC value of investment in any one company;
- the VCT must not have retained more than 15 per cent. of the gross income derived from shares or securities; and
- the ordinary share capital of the VCT must be quoted on the Official List.

The above conditions must continue to be satisfied throughout the life of the VCT.

The following conditions also have to be satisfied by no later than the beginning of the VCT's accounting period which commences no more than three years after provisional approval takes effect or, in the case of funds raised by a further share issue, by the beginning of the accounting period which commences no more than three years after the further issue of shares:

- at least 70 per cent. by value of its investments is represented by shares or securities comprising Qualifying Investments for VCT purposes;
- at least 30 per cent. by value of its Qualifying Investments is represented by holdings of ordinary shares which carry no preferential rights to dividends or assets in a winding up and no present or future rights to be redeemed; and
- for funds raised after 5 April 2010 at least 70 per cent. by value of Qualifying Investments must be in 'equity'. Legislation defining 'equity' is due to be introduced in the Finance Bill 2010.

Qualifying Investments comprise shares or securities (including loans with a five year or greater maturity period) issued by unquoted trading companies which exist wholly or mainly for the purpose of carrying on one or more qualifying trades wholly or mainly in the United Kingdom. The definition of a qualifying trade excludes dealing in property, shares, securities, commodities or futures. It also excludes banking, insurance, receiving certain royalties or licence fees, leasing, the provision of legal and accounting services, property development, farming and market gardening, woodland and forestry activities, operating or managing hotels and operating or managing nursing homes or residential care homes, shipbuilding, coal production and steel production.

For the Ordinary Share portfolio, the gross assets of an Investee Company must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company.

For the D Share Portfolio, the following additional restrictions on investment will apply:

- an Investee Company's gross assets must not exceed £7 million immediately prior to the investment and £8 million immediately thereafter;
- new Investee Companies may only raise a maximum of £2 million in any 12 month period from funds sourced from VCTs, Enterprise Investment Schemes or Corporate Venturing Schemes, which raised funds subsequent to 5 April 2007; and
- Investee Companies must have fewer than the equivalent of 50 full-time employees at the time of investment.

A Qualifying Investment can also be made in a company which is the parent company of a trading group where the activities of the group, taken as a whole, consist of carrying on one or more qualifying trades, one of which is carried on wholly or mainly in the United Kingdom.

Companies whose securities are quoted on AIM are treated as unquoted companies for the purposes of calculating Qualifying Investments. Shares in an unquoted company which subsequently become quoted may still be regarded as a Qualifying Investment for a further five years following quotation.

VCTs are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a VCT, subject to the requirements of company law. A VCT will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

In the event of any breach of the HMRC investment restrictions stated above and in the Investment Policy section, Shareholders will be informed of the actions to be taken by the Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the Company's Articles of Association.

PART IV

FINANCIAL INFORMATION

1. Nature of the financial information

The information set out in Part IV has been extracted without material adjustment from the audited Annual Report and Financial Statements of the Company for the three years ended 31 December 2008 and from the unaudited Half-yearly Financial Reports for the six months ended 30 June 2008 and 30 June 2009. The information has been incorporated in this document by reference.

2. Selected financial information

The key audited figures that summarise the Company's financial condition in respect of the three years to 31 December 2008 (extracted without material adjustment from the historical financial information referred to in paragraph 3 of this Part IV (unless otherwise indicated in the notes below)) and the unaudited information for the six months to 30 June 2008 and 30 June 2009, are set out in the following table:

Company financial statements					
Nature of information	Six months ended 30 June (2009) (unaudited) £'000	Year ended 31 December 2008 (audited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000	Year ended 31 December 2006 (audited) £'000
Balance Sheet					
Total fixed asset investments*	16,721	18,290	22,448	27,226	25,767
Net current assets	6,898	7,143	8,749	3,661	4,527
Net assets attributable to holders of Ordinary Shares	23,619	25,433	31,197	30,887	30,294
Net Asset Value per Ordinary Share (pence)	79.2	84.8	102.8	100.9	94.6
Revenue Return					
Total income	531	1,978	1,348	2,206	1,893
Revenue return attributable to Shareholders	300	1,187	782	1,491	1,053
Basic and diluted revenue return per Ordinary Share (pence)	1.0	3.9	2.6	4.8	3.2
Dividend per Ordinary Share** (pence)	–	12	2.5	5	3
Capital Return					
(Losses)/gains on investments	(1,889)	(2,326)	776	2,304	(1,676)
Capital (loss)/gains attributable to Shareholders	(1,987)	(2,493)	508	1,873	(2,117)
Basic and diluted capital (loss)/gain per Ordinary Share (pence)	(6.6)	(8.2)	1.7	6.0	(6.5)

*Total fixed asset investments for the year ended 31 December 2008 (audited) show floating rate notes (£3,014,000) as current asset investments. Before this date, floating rate notes were categorised as fixed asset investments.

**A dividend of 4 pence per share was paid on 30 December 2008 to replace the first dividend for the financial year ending 31 December 2009.

3. Statutory audited Annual Report and Financial Statements for the three financial years ended 31 December 2008 and unaudited Half-yearly Financial Reports for the six months ended 30 June 2008 and 30 June 2009.

The extract below is not audited, however, for the year ended 31 December 2008, the Company's auditors, PKF (UK) LLP (registered auditors) have given an unqualified opinion that the Annual Report and Financial Statements of the Company give a true and fair view of the state of affairs of the Company for the year ended 31 December 2008.

For the years ended 31 December 2007 and 31 December 2006, the Company's auditors, Deloitte & Touche LLP (registered auditors) have given an unqualified opinion that the Annual Report and Financial Statements of the Company give a true and fair view of the state of affairs of the Company. Deloitte & Touche LLP resigned in 2008.

For the six months ended 30 June 2008 and 30 June 2009, the Half-yearly Financial Reports were not audited.

The Company has prepared its financial statements under UK GAAP.

The published audited Annual Report and Financial Statements for the Company for the three years ended 31 December 2008 and the published unaudited Half-yearly Financial Reports for the six months ended 30 June 2008 and 30 June 2009 included the following information which is incorporated by reference as set out below:

Company financial statements					
Nature of information	Six months ended 30 June 2009 (unaudited) (page number)	Year ended 31 December 2008 (audited) (page number)	Six months ended 30 June 2008 (unaudited) (page number)	Year ended 31 December 2007 (audited) (page number)	Year ended 31 December 2006 (audited) (page number)
Income Statement (incorporating profit and loss account)	10	32	8	26	26
Balance Sheet	11	33	10	27	28
Reconciliation of Movements in Shareholders' Funds	12	34	11	28	30
Cash Flow Statement	14	35	13	29	32
Accounting Policies	15	36	14	30	34
Other notes to the financial statements	17	38	16	32	36

4. Operating and financial review

The published audited Annual Report and Financial Statements for the three years ended 31 December 2008 and the published unaudited Half-yearly Financial Reports for the six months ended 30 June 2008 and 30 June 2009 included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure and changes in its financial condition for the period.

Company financial statements					
Nature of information	Six months ended 30 June 2009 (unaudited) (page number)	Year ended 31 December 2008 (audited) (page number)	Six months ended 30 June 2008 (unaudited) (page number)	Year ended 31 December 2007 (audited) (page number)	Year ended 31 December 2006 (audited) (page number)
Financial Highlights	4	4	2	3	3
Chairman's Statement and Manager's Report	5	6	3	4	4
Portfolio of Investments	8	11	6	8	8
Directors' Report	n/a	17	n/a	12	14

5. Availability of audited Annual Report and Financial Statements, and the unaudited Half-yearly Financial Reports for inspection

Copies of the Company's Annual Report and Financial Statements (which have been audited) for the years ended 31 December 2008, 31 December 2007 and 31 December 2006 and the Half-yearly Financial Reports for the six months ended 30 June 2008 and 30 June 2009 (which are unaudited) are available for inspection at the addresses set out in paragraph 13 of Part V of this document, on the website www.albion-ventures.co.uk under the 'Our Funds' section, at the FSA viewing facility and at Companies House.

The Company's audited Annual Report and Financial Statements are made up to 31 December in each year and will normally be sent to Shareholders in April. Shareholders will also receive unaudited Half-yearly Financial Reports made up to 30 June in each year, in August.

The Company's Net Asset Value per Share will be calculated quarterly by the Manager and, together with the interim management statements, Half-yearly Financial Reports and the Annual Report and Financial Statements announcements, will be published through a Regulatory Information Service provider.

In valuing its unquoted investments the Company complies with, and will continue to comply with, the International Private Equity and Venture Capital valuation guidelines.

The calculation of the Net Asset Value per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

6. Investment portfolio

The following were all of the investments held by the Company at 21 September 2009, being the latest practicable date prior to publication of this document. All investments were made in sterling and are in UK companies (this data is unaudited).

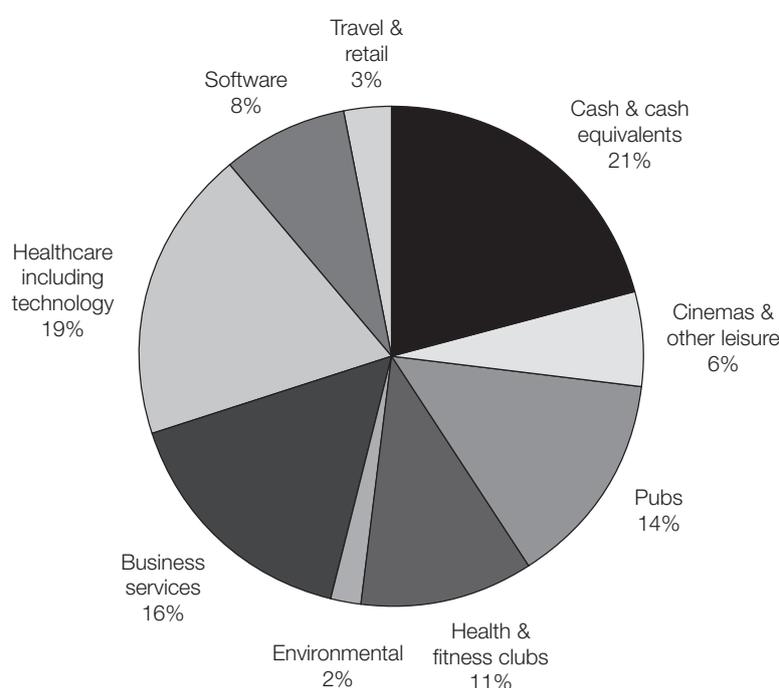
Qualifying investments	% of portfolio	Total carrying/ fair value (unaudited) £'000
Evolutions Television Limited	10.2	2,336
The Weybridge Club Limited	6.0	1,367
Mears Group Plc*	5.9	1,342
Blackbay Limited	4.2	959
Peakdale Molecular Limited	4.1	950
CS (Greenwich) Limited	3.0	696
Droxford Hospital Limited	2.9	672
Kensington Health Clubs Limited	2.8	651
Consolidated PR Limited	2.5	573
Chichester Holdings Limited	2.2	500
The Q Garden Company Limited	2.2	500
Geronimo Inns I Limited	2.1	480
Geronimo Inns II Limited	2.1	480
Bravo Inns II Limited	2.0	462
Tower Bridge Health Clubs Limited	1.9	431
Dexela Limited	1.9	424
Prime Care Holdings Limited	1.7	398
CS (Brixton) Limited	1.6	373
Helveta Limited	1.3	298
RFI Global Services Limited	1.2	276
Lowcosttravelgroup Limited	1.1	256
Xceleron Limited	1.1	250
Mipay Limited	1.1	243
Mirada Limited	1.1	242
Welland Inns Limited	1.0	232
The Charnwood Pub Company Limited	1.0	221
Forth Photonics Limited	0.9	210
Rostima Limited	0.8	184
The Dunedin Pub Company VCT Limited	0.7	158
Opta Sports Data Limited	0.7	151
GB Pub Company VCT Limited	0.6	138
Premier Leisure (Suffolk) Limited	0.6	127
Bravo Inns Limited	0.5	124
CS (Exeter) Limited	0.5	123
Novello Pub Limited	0.5	108
Point 35 Microstructures Limited	0.4	84
Oxsensis Limited	0.3	73
Process Systems Enterprise Limited	0.2	56
Vibrant Energy Assessors Limited	0.2	47
City Screen (Liverpool) Limited	0.2	40
CS (Norwich) Limited	0.2	35
Riverbourne Health Club Limited	0.1	19
Pelican Inn Limited	-	2
Total qualifying investments	75.5	17,291
Non-qualifying investments		
Smiles Pub Company Limited	3.4	774
Consolidated PR Limited	0.2	54
Total non-qualifying investments	3.6	828
Total fixed asset investments	79.1	18,119
Cash	20.9	4,793
Total investment portfolio	100.0	22,912

*Quoted

The following investment-related financial instruments were held by the Company at 21 September 2009, being the latest practicable date prior to publication of this document.

Investment instruments	% of portfolio	Total carrying/fair value (unaudited) £'000
Unquoted equity	16.8	3,850
Unquoted loan stock	56.4	12,927
Quoted equity	5.8	1,342
Cash	21.0	4,793
Total investment portfolio	<u>100.0</u>	<u>22,912</u>

Portfolio analysis by sector as at 21 September 2009 (unaudited) is shown in the pie chart below.



Source: Albion Ventures LLP

7. Net Asset Value and share price

As at the close of business on 21 September 2009 (being the latest practicable date prior to the publication of this document), the unaudited Net Asset Value per Share was approximately 76.8 pence (after accounting for a dividend of 4 pence per Share that was paid on 25 September 2009) and the Ordinary Share mid-market price was 56.5 pence representing a discount of 26 per cent. to the Net Asset Value per Ordinary Share.

8. Working capital

In the Company's opinion, the Company has sufficient working capital for the Company's present requirements (that is, for at least the 12 months following the date of this document).

9. Capital and indebtedness

The following table shows the Company's unaudited gross indebtedness as at 21 September 2009 (being the latest practicable date prior to the publication of this document). The information below has been extracted without material adjustment from internal management accounting records:

	As at 21 September 2009 (unaudited) £'000
Total current debt	
Guaranteed	nil
Secured	nil
Unguaranteed/Unsecured	nil
Total non-current debt (excluding current position of non-current debt)	
Guaranteed	nil
Secured	nil
Unguaranteed/Unsecured	nil

The following table shows the capitalisation of the Company as at 31 December 2008 (the last date in respect of which audited financial information of the Company has been published) and as at 30 June 2009 (the latest date in respect of which detailed unaudited information of the Company has been published):

	30 June 2009 (unaudited) £'000	31 December 2008 (audited) £'000
Shareholders' equity		
Share capital	16,307	16,307
Legal reserve ¹	11,273	11,400
Other reserves	(3,961)	(2,274)
Total	<u>23,619</u>	<u>25,433</u>

¹ Extracted without material adjustment from the Company's audited Annual Report and Financial Statements for the year ended 31 December 2008 and the unaudited Half-yearly Financial Report for the six months ended 30 June 2009, and excludes the Company's revenue and realised and unrealised capital reserves.

There has been no change to Share capital between 30 June 2009 and 30 September 2009 (being the latest practicable date prior to the publication of this document), with the exception of 99,654 Ordinary Shares issued under the terms of the Dividend Reinvestment Scheme on 25 September 2009.

Between 30 June 2009 and 21 September 2009 (being the latest practicable date prior to publication), Legal reserves have reduced by £92,000 to £11,181,000 as a result of an increase in Ordinary Shares held in treasury. During this period Other reserves have decreased by £772,000 to (£4,733,000) as a result of the dividend payment made on 25 September 2009, partially offset by trading profits since 30 June 2009.

The following table shows the Company's unaudited net indebtedness as at 21 September 2009 (being the latest practicable date prior to the publication of this document). The information below has been extracted without material adjustment from internal management accounting records:

	As at 21 September 2009 (unaudited) £'000
A. Cash	4,793
B. Cash equivalent	Nil
C. Trading securities	1,342
D. Liquidity (A+B+C)	<u>6,135</u>
E. Current financial receivables	Nil
F. Current bank debt	Nil
G. Current position of non-current debt	Nil
H. Other current financial debt	Nil
I. Current financial debt (F+G+H)	<u>Nil</u>
J. Net current financial indebtedness/(cash) (I-E-D)	<u>(6,135)</u>
K. Non-current bank loans	Nil
L. Bonds issued	Nil
M. Other non-current loans	Nil
N. Non-current financial (indebtedness)/cash (K+L+M)	<u>Nil</u>
O. Net financial indebtedness/(cash) (J+N)	<u><u>(6,135)</u></u>

Source: Albion Ventures LLP

10. Financial impact of fundraising

On the assumption that successful applications for 25,000,000 D Shares are received, the Company would raise a total of £23,625,000 after costs. Initially this sum would be invested in cash deposits and liquid securities, pending investment in accordance with the Company's investment strategy. This would have the effect of adding £23,625,000 to the Net Asset Value of the Company, and the Net Asset Value per D Share would be 94.5 pence per Share.

PART V

ADDITIONAL INFORMATION

1. The Company

- (a) The Company was incorporated and registered in England and Wales on 21 October 1998 as a public company limited by shares, with registered number 3654040. The Company is domiciled in the United Kingdom.
- (b) On 30 November 1998, the Registrar of Companies issued the Company with a certificate under section 117 of the 1985 Act entitling it to commence business. The principal legislation under which the Company operates and which govern the Shares are the Acts. The Company is not (and is not required to be) regulated by the FSA under FSMA. However, it is subject to the Listing Rules and the Disclosure and Transparency Rules made by the FSA.
- (c) The Company changed its name from Close Brothers Development VCT PLC on 25 March 2009.

2. Share and loan capital

- (a) At the date of this document, the authorised share capital of the Company is £25,000,000 divided into 50,000,000 Ordinary Shares of 50p each, of which 32,713,157 are issued and 2,965,053 are held as treasury shares. These Shares have been admitted to the Official List and are traded on the main market of the London Stock Exchange.
- (b) During the financial year to 31 December 2006, 313,118 Ordinary Shares and 182,415 C Shares were bought back by the Company for cancellation, and 275,118 Ordinary Shares and 156,715 C Shares were bought into treasury.
- (c) During the financial year to 31 December 2007 1,295,584 C Shares were allotted as bonus shares in connection with the conversion of C Shares into Ordinary Shares and a total of 1,395,286 Ordinary Shares were bought back by the Company to be held in treasury and 20,000 Ordinary Shares for cancellation. The C Shares were also converted into Ordinary Shares during this period at a ratio of 1.0715 Ordinary Shares for each C Share.
- (d) During the financial year to 31 December 2008 a total of 175,173 Ordinary Shares were allotted for cash under the terms of the Dividend Reinvestment Scheme and a total of 781,392 Ordinary Shares were bought back by the Company to be held in treasury.
- (e) During the current financial year to 31 December 2009 345,338 Ordinary Shares have been bought back by the Company to be held in treasury and 99,675 Ordinary Shares were issued on 25 September 2009 under the terms of the Dividend Reinvestment Scheme.
- (f) At the Company's Annual General Meeting held on 28 May 2009:
 - (i) the Directors were authorised in accordance with section 80 of the 1985 Act to allot relevant securities (within the meaning of section 80(2) of the 1985 Act) up to a maximum nominal amount of £1,499,688, such authority to expire on 28 November 2010, save that the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the period and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority had not expired;
 - (ii) the Directors were empowered (pursuant to section 95(1) of the 1985 Act) to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the 1985 Act for cash pursuant to the authority conferred above, as if section 89 of the 1985 Act did not apply to any such allotment, provided that the power was limited to the allotment of equity securities:
 - (A) in connection with an offer of such securities by way of rights issue;
 - (B) in connection with any dividend reinvestment scheme introduced and operated by the Company; and
 - (C) otherwise than pursuant to the paragraphs (A) and (B) above, up to an aggregate nominal amount of £749,844,and such authority shall expire on 28 November 2010, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94 (3A) of the 1985 Act as if in the first paragraph of the resolution, the words "pursuant to the authority conferred by the resolution above" were omitted; and
 - (iii) the Company was generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the 1985 Act) of Ordinary Shares on such terms as the Directors think fit, and where

such shares are held as treasury shares, the Company may use them for the purposes set out in section 162D of the 1985 Act, provided that:

- (A) the maximum number of shares authorised to be purchased was 4,496,066 Ordinary Shares (representing approximately 14.99 per cent. of the issued Ordinary Share capital (excluding shares held in treasury) as at the date of the notice of the annual general meeting;
- (B) the minimum price which may be paid for an Ordinary Share is 50 pence;
- (C) the maximum price which may be paid for each Ordinary Share is an amount equal to the higher of:
 - (a) 105 per cent. of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary Share is purchased; and
 - (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

and such authority, unless previously revoked or varied, shall expire at the conclusion of the next annual general meeting of the Company or eighteen months from the date of the passing of the resolution, whichever is earlier (except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of the authority and which will or may be executed wholly or partly after such expiry).

(g) At the General Meeting of the Company convened for 12 noon on 28 October 2009, ordinary and special resolutions will be proposed to:

- (i) increase the authorised share capital of the Company from £25,000,000 to £45,000,000 by the creation of 40,000,000 D Shares of 50 pence each;
- (ii) generally and unconditionally authorise the Directors in accordance with section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company up to a maximum aggregate nominal amount of £18,647,405 comprising £1,487,405 of Ordinary Shares and £17,160,000 of D Shares, such authority shall expire at the end of the next annual general meeting but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require shares to be allotted after the expiry of such period and the Directors may allot shares pursuant to such an offer or agreement as if the authority had not expired;
- (iii) empower the Directors, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 2 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with the proposed offer to the public for subscription of up to 30,000,000 D Shares (the "Offer");
 - (b) in connection with an offer of such securities by way of rights issue;
 - (c) in connection with any dividend reinvestment scheme introduced by the Company; and
 - (d) otherwise than pursuant to paragraphs (a) to (c) above, up to an aggregate nominal amount of 10 per cent. of the remaining issued share capital of the Company immediately following the closing of the Offer,

and shall expire at the conclusion of the next annual general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

In this resolution, "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory;

- (iv) amend the Articles of Association to (i) reflect the increase in its share capital and the rights and restrictions to be attached to D Shares and (ii) to extend the date on which Shareholders vote as to whether the Company should continue as a VCT, by five years;
- (v) authorise the Company to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary and D Shares on such terms as the Directors think fit, and, where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 of the Act, provided that:
 - (i) the maximum number of Ordinary and D Shares hereby authorised to be purchased is 4,459,240 Ordinary Shares representing 14.99 per cent. of the Ordinary Shares in issue on 30 September 2009 and such number of D Shares, representing 14.99 per cent. of the D Shares in issue following the Offer;
 - (ii) the minimum and maximum prices are as set out in the Notice of the General Meeting

and this authority shall expire at the end of the next annual general meeting of the Company or eighteen months from the date of the passing of the resolution, whichever is the earlier, unless previously revoked or varied. A renewal of the authority will be sought from Shareholders at each annual general meeting. No purchases of D Shares will be made by the Company until the cancellation of the share premium account referred to below has been approved by the High Court and registered with the Registrar of Companies. Up to 10 per cent. of the repurchased Shares may be held in treasury, enabling the potential for their subsequent re-sale. Shares will only be sold out of treasury at a price higher than that at which they were originally bought in;

- (vi) resolve that the amount standing to the credit of the share premium account attributable to the Ordinary Shares be cancelled; and
 - (vii) resolve that the amount standing to the credit of the share premium account attributable to the D Shares be cancelled.
- (h) Save as disclosed in this paragraph 2, since 1 January 2006, no share or loan capital of the Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages, or other special terms have been granted by the Company or any subsidiary, in connection with the issue or sale of any such capital.
- (i) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- (j) The D Shares will be in registered form and temporary documents of title will not be issued.
- (k) If the resolutions are passed at the General Meeting, the authorised share capital of the Company will be £45,000,000 divided into 50,000,000 Ordinary Shares and 40,000,000 D Shares. If the Offer is fully subscribed for the maximum £30,000,000 and including the maximum number of D Shares issued under the Early Investment Offer and through the re-investment of introductory commission, 31,200,000 D Shares will be issued and fully paid in cash (being 95 per cent. of the Shares currently in issue). Assuming the Offer is fully subscribed there will remain authorised but unissued a minimum of 17,286,843 Ordinary Shares and 8,800,000 D Shares (representing 29 per cent. of the authorised share capital).
- (l) The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of securities for cash and the provisions of section 561 of the 2006 Act (which confers on shareholders, rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the authorised but unissued share capital of the Company which is not subject to the disapplication referred to in sub-paragraph 2(g)(iii) above.

3. Memorandum and Articles of Association

The objects of the Company are set out in clause 4 of its Memorandum of Association which is available for inspection at the Company's registered office.

The Articles of Association which are to be amended will contain provisions, inter alia, to the following effect:

3.1 *Rights attaching to D Shares*

The following provisions apply in respect of the D Shares and their subsequent conversion into Ordinary Shares:

"business day" means any day on which banks are generally open for business in London other than a Saturday;

"Calculation Date" means the earlier of:

- (a) close of business on the business day on which the D Share assets are, in the opinion of the Directors, sufficiently mature and income generating that it is in the interests of all shareholders of the Company to give effect to the conversion; or
- (b) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

"Companies Acts" has the meaning given to it in section 2 of the 2006 Act in so far as the provisions referred to in such section are in force from time to time;

"Conversion" means conversion of the D Shares in accordance with the Articles of Association;

"Conversion Date" means the earlier of:

- (a) close of business on the business day which falls three months after the Calculation Date; and
- (b) close of business on the day selected by the Directors following a resolution of the Directors that Force Majeure Circumstances have arisen or are imminent;

“Conversion Ratio” is $\frac{A}{B}$ where:

$$“A” = \frac{C-D}{E} \text{ and}$$

$$“B” = \frac{F-(C-D)}{G}$$

and where:

“C” is the aggregate of:

- (a) the value of all investments of the Company attributable to the D Shareholders at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Date; and
- (b) the amount which in the Directors’ opinion fairly reflects, at the Calculation Date, the value of the current assets of the Company attributable to the D Shareholders (including cash and deposits with or balances at a bank and including any income and other items of a revenue nature);

“D” is the amount (to the extent not otherwise deducted from the assets attributable to the D Shareholders) which in the Directors’ opinion fairly reflects the amount of the liabilities attributable to the D Shareholders on the Calculation Date;

“E” is the number of D Shares in issue on the Calculation Date;

“F” is the Net Asset Value of the Company as at the Calculation Date following all adjustments reasonably deemed necessary by the Directors to reflect the current value of all assets and to allow for all liabilities including any income and other items of a revenue nature;

“G” is the number of Ordinary Shares in issue on the Calculation Date

provided that an amount equal to that which the Directors reasonably estimate will be paid as the final dividend in respect of the year ending on or after the Calculation Date (which will not yet have been declared) shall be allowed for (at the Directors’ discretion) from the amount of “F” and that the Directors shall make such other adjustments to the value or amount of “A” and “B” as the auditors shall report to be appropriate having regard, inter alia, to the assets attributable to the D Shareholders on the Calculation Date, to the assets of the Company on the Calculation Date and to the reasons for the issue of the D Shares referred to in the Circular;

“D Share Surplus” means the net assets of the Company attributable to the D Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities including the fees and expenses of a liquidation or return of capital (as the case may be) as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the D Shareholders;

“Circular” means the circular to shareholders of the Company dated 1 October 2009;

“Existing Ordinary Shares” means the Ordinary Shares in issue as at the Calculation Date;

“Force Majeure Circumstances” means any political and/or economic and/or market circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders it necessary to bring the Conversion Date and/or the Calculation Date forward;

“Issue Date” means the day on which the Company receives the net proceeds of the first issue of the D Shares under the Prospectus;

“New Ordinary Shares” means new Ordinary Shares arising on Conversion of the D Shares which, when issued, shall rank *pari passu* in all respects (save as provided in paragraph 3.2 below) and form a single class with the Existing Ordinary Shares. The new Ordinary Shares will be in registered form and may be held either by way of definitive share certificate or in electronic form in a CREST account;

“Share Surplus” means the net assets of the Company (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less the Company’s liabilities (including the fees and expenses of a liquidation or return of capital, as the case may be) less the D Share Surplus;

“Statutes” means the Companies Acts and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Companies Acts.

References to “Ordinary Shareholders” and “D Shareholders” shall be construed as references to holders for the time being of Ordinary Shares and D Shares respectively.

For the purposes of the Articles of Association, other than paragraph 3.7 below, assets attributable to the D Shareholders or the D Shares shall mean the net cash proceeds (after all expenses relating thereto) of the issue of the D Shares as invested in or represented by investments or cash or other assets from time to time, less such proportion of the expenses and liabilities of the Company incurred or accrued between the Issue Date and the Calculation Date (both dates inclusive) as the Directors reasonably consider to be allocable to the D Shares.

References in the Articles of Association to the Auditors certifying any matter shall be construed to mean certification of their opinion as to such matter whether qualified or not and should the Company's auditors be unwilling or unable to act, references to "auditors" shall be construed to mean references to any expert to be nominated by the President or next senior officer then available for the time being of the Institute of Chartered Accountants in England and Wales.

3.2 **The conversion process**

- (a) The Directors shall procure that:
- (i) within three months of the Calculation Date, both the Conversion Ratio as at the Calculation Date and the numbers of New Ordinary Shares to which each D Shareholder shall be entitled on Conversion shall be calculated; and
 - (ii) the Auditors shall be requested to certify, within three months of the Calculation Date, that both the calculation of the Conversion Ratio and the total number of New Ordinary Shares arising on Conversion:
 - (A) have been performed in accordance with the Articles; and
 - (B) are arithmetically accurate;whereupon, subject to the proviso immediately after the definition of "G" above, such calculations shall become final and binding on the Company and all shareholders.
- (b) The Directors shall procure that as soon as practicable following such certification, a notice is sent to each D Shareholder advising such D Shareholder of the Conversion Date, the Conversion Ratio and the number of New Ordinary Shares to which such D Shareholder shall be entitled on Conversion.
- (c) The Directors may in their absolute discretion from time to time decide the manner in which the D Shares are to be converted, subject to the provisions of these Articles and the Statutes, to the intent that on Conversion each D Share shall convert into a New Ordinary Share.
- (d) Without prejudice to (c) above, Directors may, where the Conversion Ratio is greater than 1, in order to facilitate the Conversion, provide for the profits or reserves attributable to the D Shares to be capitalised and applied in paying up in full such number of New Ordinary Shares as shall be calculated by multiplying the number of New Ordinary Shares arising on Conversion by the Conversion Ratio and then deducting the number of New Ordinary Shares arising on Conversion, and allot such shares, credited as fully paid up, to the holders of D Shares pro rata to their holdings.
- (e) Without prejudice to (c) above, Directors may, where the Conversion Ratio is less than 1, in order to facilitate the Conversion, provide for the profits or reserves attributable to the Existing Ordinary Shares to be capitalised and applied in paying up in full such number of New Ordinary Shares as shall be calculated by dividing the number of Existing Ordinary Shares by the Conversion Ratio and then deducting the number of Existing Ordinary Shares, and allot such shares, credited as fully paid up, to the holders of Existing Ordinary Shares pro rata to their holdings.
- (f) The Directors may deal in such manner as they think fit with any fractional entitlement to New Ordinary Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company.
- (g) Forthwith upon Conversion, the Company shall issue to each former D Shareholder, certificates in respect of the New Ordinary Shares which have arisen upon Conversion. The New Ordinary Shares will be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities.
- (h) Forthwith upon Conversion, the rights attaching to the D Shares under the Articles shall lapse.

3.3 **Undertakings**

Until Conversion and without prejudice to its obligations under the Statutes, the Company shall (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the D Shareholders can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that a separate cash pool account, investment settlement account and income account shall be created and maintained in the books of the Company for the assets attributable to

the D Shareholders, (ii) allocate to the assets attributable to the D Shareholders such proportion of the expenses and liabilities of the Company incurred or accrued between the Issue Date and the Calculation Date (both dates inclusive) as the Directors reasonably consider to be allocable to the D Shares and (iii) give appropriate instructions to the Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

3.4 Variation of rights

Subject to the Statutes, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise).

3.5 Voting rights

The Ordinary Shares, D Shares and the New Ordinary Shares arising on conversion of the D Shares shall rank *pari passu* as to the rights to attend and vote at any general meeting of the Company.

3.6 Transfer of shares

Subject to the restrictions set out in this paragraph, any member may transfer all or any of his shares in any manner which is permitted by the Statutes or in any other manner approved by the Board. All transfers of shares in uncertificated form may be effected by means of a relevant system or in any other manner permitted by the Statutes or approved by the Board. All transfers of shares in certificated form must be effected by a transfer in writing in any usual form or in any other form permitted by the Statutes or approved by the Board. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those Shares. The instrument of transfer of a share shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid certificated share, provided that such refusal does not prevent dealing taking place on an open and proper basis, and may also refuse to register any instrument of transfer unless:

- (i) it is duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) it is in respect of only one class of share; and
- (iii) the transferees do not exceed four in number.

The Directors may, pursuant to the provisions in the Articles of Association relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under section 793 of the 2006 Act and which represents at least 0.25 per cent. of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

Save as aforesaid, the Articles of Association contain no restrictions as to the free transferability of fully paid shares.

3.7 Dividends

Shareholders shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to each class of shares. Shareholders may also be entitled to receive dividends paid from realised capital profits, as the Company has renounced its investment company status.

The Company may, in general meeting by ordinary resolution, declare dividends in accordance with the rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a Share shall bear interest as against the Company. There are no fixed dates on which entitlement to dividend arises.

All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

3.8 Distribution of assets on liquidation

The capital and assets of each class of shares of the Company on a winding up or on a return of capital shall be divided amongst the holders of each class of shares *pro rata* according to their holding of shares and in accordance with the provisions of the Act, subject to the rights of any shares which may be issued with special rights or privileges. The Articles of Association provide that the liquidator may, with the sanction of a special resolution and any other sanction required by the Acts, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

3.9 **Changes in share capital**

Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, in the absence of such determination, as the Directors may determine. Subject to the provisions of the Statutes, the Company may issue shares which are, or at the option of the Company or the holder are, liable to be redeemed.

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, subdivide its shares or any of them into shares of smaller amount or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.

Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to provisions of the Statutes, purchase its own shares.

3.10 **General meetings**

3.10.1 *Notice and quorum*

The Company shall convene and the Company shall hold an annual general meeting in each calendar year. All meetings other than annual general meetings shall be called general meetings. The Directors can call a general meeting at any time, which will usually be held in the United Kingdom.

Except as otherwise provided by the Articles two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or by proxy or a duly authorised representative of a corporation which is a member, shall be a quorum. If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or, if that day is not a business day, to the next business day) and at the same time and place, as the original meeting, or to such other day, and at such other time and place, as the Board may decide and in the latter case not less than seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, the meeting shall be dissolved.

3.10.2 *Method of voting and demand for poll*

At a general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting;
- (b) not less than five members present in person or by proxy having the right to vote on the resolution;
- (c) a member or members present in person or by proxy representing in aggregate not less than 10 per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the Company held as treasury shares);
- (d) a member or members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares);

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

3.10.3 *Proxies*

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. An appointment of a proxy shall be delivered not less than 48 hours before the time appointed for holding the meeting.

3.11 **Directors**

3.11.1 *Number*

Unless otherwise determined by ordinary resolution of the company, the number of directors shall be not less than two but there shall be no maximum number of directors.

3.11.2 *Appointment of directors by the Company in general meeting*

The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

No person (other than a director retiring by rotation or otherwise) shall be appointed or re-appointed a director at any general meeting unless:

- (a) he is recommended by the Board; or
- (b) not less than 7 nor more than 42 clear days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be appointed.

The Board may appoint any person who is willing to act to be a director either to fill a vacancy or by way of addition to their number.

3.11.3 *Remuneration of Directors*

- (i) The ordinary remuneration of the Directors (other than an executive director appointed under the Articles of Association) shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees, shall not exceed £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- (ii) Any Director who, by request of the Directors, performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Directors may determine.
- (iii) The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

3.11.4 *Retirement of Directors*

At each annual general meeting of the Company one third of the Directors who are subject to retirement by rotation shall retire from office. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot. In addition, each Director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the directors to retire by rotation. No person shall be disqualified from being appointed a director and no director shall be required to vacate from office, by reason only of his age.

3.11.5 *Removal of Directors*

The Company may by ordinary resolution, of which special notice has been given in accordance with the Statutes, remove any director before his period of office has expired notwithstanding anything in the Articles of Association or in any agreement between him and the Company.

3.11.6 *Vacation of office of Director*

Without prejudice to the provisions of the Articles of Association for retirement or removal, the office of a director shall be vacated:

- (a) if he is prohibited by law from being a director;
- (b) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally;
- (c) if he is, or may be, suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court (whether in the United Kingdom or elsewhere) for his detention or for the appointment of some person to exercise powers with respect to his property or affairs;
- (d) if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the Board, from meetings of the Board held during that period and the Board resolves that his office be vacated; or
- (e) if he serves on the Company notice of his wish to resign, in which event he shall vacate office on the service of that notice on the Company or at such later time as is specified in the notice.

3.11.9 *Directors' interests*

A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the Statutes, the nature of his interest.

Provided that he has declared his interest in accordance with the paragraph above, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit which he derives from such office or interest or any such transaction or arrangement.

A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company unless his interest arises only because the case falls within one or more of the following paragraphs:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or any obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities for subscription, purchase or exchange;
- (d) any proposal concerning any other company in which he is interested directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company; and
- (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates.

When proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

3.11.10 *Indemnity of officers*

Subject to the provisions of and so far as may be permitted by and consistent with the Statutes, each current or former director or other officer (other than an auditor) of the Company or any Associated Company may be indemnified out of the assets of the Company against:

- (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company other than in the case of a current or former director:
 - (i) any liability to the Company or any Associated Company; and
 - (ii) any liability of the kind referred to in section 234(3) of the 2006 Act; and
- (b) any liability incurred by or attaching to him in connection with the activities of the Company or any Associated Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act) other than a liability of the kind referred to in section 235(3) of the 2006 Act; and
- (c) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers.

For the purpose of this Article, references to "liability" shall include all costs and expenses incurred by the current or former director or other officer (other than an auditor) in relation thereto.

Subject to the provisions of and so far as may be permitted by the Statutes, the Board may exercise all the powers of the Company to:

- (a) provide any current or former director or other officer (other than an auditor) of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company, or in connection with any application for relief under the provisions mentioned in section 205(5) of the 2006 Act; and
- (b) do anything to enable any such person to avoid incurring expenditure,

but so that the terms set out in section 205(2) of the 2006 Act shall apply to any such provision of funds or other things so done. For the purpose of this Article references to “director” in section 205(2) of the 2006 Act shall be deemed to include references to a former director or other officer (other than an auditor) of the Company.

The Board may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office (as defined in the Articles), insurance against any liability or expense incurred by him in relation to the Company or any Associated Company or any third party in respect of any act or omission in the actual or purported discharge of his duties or otherwise in connection with holding his office.

3.11.11 *Delegation to individual Directors*

The Board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them, but no person dealing in good faith shall be affected by any revocation or variation.

3.11.12 *Committees*

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) including without prejudice to the generality of the foregoing all powers, authorities and discretions whose exercise involves or may involve the payment of remuneration to, or the conferring of any other benefit on, all or any of the directors to any committee consisting of such person or persons (whether directors or not) as it thinks fit, provided that the majority of the members of the committee are directors and that no meeting of the committee shall be quorate for the purposes of exercising any of its powers, authorities or discretions unless a majority of those present are directors.

3.12 **Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Directors shall restrict the borrowings of the Company and, by the exercise of the Company’s voting and other rights or powers of control over its subsidiary undertakings (if any) secure that they restrict their borrowings, so that the aggregate amount at any time outstanding in respect of money borrowed by the group, being the Company and its subsidiary undertakings for the time being (excluding intra-group borrowings), shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 10 per cent. of the aggregate of the amount paid up or credited as paid up on the allotted or issued share capital of the Company and the amount standing to the credit of the consolidated capital and revenue reserves of the group as shown by the latest audited consolidated balance sheet of the group adjusted as specified in the Articles of Association.

3.13 **Distribution of realised capital profits**

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company (“a Relevant Period”), distribution of the Company’s capital profits shall be prohibited. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Statutes, the Board may determine whether any amount received by the Company is to be dealt with as income or capital assets and, subject to the Statutes, any expenses, loss or liability (or provision therefore) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that during a Relevant Period no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 830(2) of the 2006 Act) or applied in paying dividends on any shares in the Company.

3.14 **Duration of the Company**

The Directors shall put an ordinary resolution to the annual general meeting of the Company in 2015 and, if passed, to every fifth subsequent annual general meeting, proposing that the Company should continue as a

VCT for a further five year period. If any such resolution is not passed, the Directors shall draw up proposals for the reorganisation, reconstruction or voluntary winding up of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors on a date not more than four months after such annual general meeting. Implementation of the proposals will require the approval of members by special resolution.

4. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the D Shares to be admitted to CREST and it is expected that the D Shares will be so admitted, and accordingly enabled for settlement in CREST as soon as practicable after Admission has occurred.

D Shares will be issued in registered form only and Shareholders will be able to hold their D Shares in certificated or uncertificated form. In the case of applicants requesting share certificates, it is intended that definitive share and tax certificates will be despatched within two weeks of the allotment dates. Prior to despatch of definitive share certificates, transfers will be certified against the register. No temporary documents of title will be issued. In the case of applicants requesting D Shares in uncertificated form, it is expected that the D Shares will be issued in uncertificated form on the business day following the allotment date. The Registrars will instruct Euroclear to credit the appropriate electronic stock accounts of such persons with entitlements to D Shares with effect from those dates.

Notwithstanding any other provision of this document, the Company reserves the right to allot and issue any D Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST), or on the part of the facilities and systems operated by the Registrars in connection with CREST. This right may also be exercised if the correct details (such as Participant ID and Member Account ID details) are not provided as requested on the Application Form.

5. Offer Agreement

5.1 Under the Offer Agreement the Sponsor has undertaken as agent of the Company to assist in procuring subscribers under the Offer for up to 25,000,000 D Shares to raise a maximum of £25,000,000 before expenses. The fee arrangements under the Offer Agreement are as follows:

The Company shall pay to Albion Ventures an amount equal to 5.5 per cent. of the amount subscribed for D Shares. Out of this amount, Albion Ventures shall pay (together with VAT where applicable);

- (i) the Sponsor's fees of £30,000;
- (ii) commissions to UK intermediaries (being authorised persons under the FSMA and which may include Brewin Dolphin) introducing subscriptions for D Shares, at a rate of either 3 per cent. or 2.5 per cent. with trail commission of 0.25 per cent. for the following four years, of the subscriptions accepted (provided that all relevant applications bear the stamp of the recognised intermediary and that the intermediary continues to act for the investor). This includes any costs associated with introductory commissions reinvested in D Shares. For the avoidance of doubt, the trail commission of 0.25 per cent. for a period of up to four years referred to in the prospectus shall be paid by the Manager separately and shall not be paid out in the amount of 5.5 per cent. referred to above;
- (iii) all out of pocket expenses properly incurred by the Sponsor in connection with its obligations hereunder; and
- (iv) all the other costs and expenses of the Offer including (without limitation) the fees and expenses of professional advisers, the cost of printing the Offer documents, share certificates and letters of acceptance, rejection and regret; the fees of the Registrars and the fees of the UK Listing Authority and the London Stock Exchange, and Albion Ventures will reimburse the Company or Brewin Dolphin the amount of any such expenses which the Company or Brewin Dolphin (as the case may be) may have paid. The Company may withhold any such amounts from any payment otherwise due to Albion Ventures pursuant to the Offer Agreement;

The total costs payable by the Company, therefore, will be limited to 5.5 per cent. of the gross proceeds of the Offer.

5.2 If the obligations of Brewin Dolphin fail to become or be declared unconditional or are terminated, the Manager shall pay Brewin Dolphin a fee of £10,000 plus all out of pocket expenses and legal costs properly incurred by Brewin Dolphin (plus VAT if applicable) in connection with its obligations hereunder. Such amounts shall be paid within seven days of the delivery of Brewin Dolphin's invoice in respect of such fees or expenses.

5.3 In the event that the fee payable to Albion Ventures of 5.5 per cent. of the amount subscribed for D Shares is insufficient to pay the costs set out in the Offer Agreement, Albion Ventures has undertaken to pay any shortfall promptly on production to it of evidence of the amounts being due and payable.

6. Material contracts

The following section contains summaries of each material contract (not being a contract entered into in the ordinary course of business) entered into by the Company within the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by the Company and which contains any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company at the date of this document:

- 6.1 The Offer Agreement as described in paragraph 5 above.
- 6.2 The Management Agreement (as amended by the Supplemental Management Agreement) (further details of the fees payable under which are detailed on page 23 under "Management Fees") is terminable by either party by one year's prior written notice, subject to earlier termination by either party in the event of, inter alia, a party having a receiver, administrator or liquidator appointed or committing a material breach of the Management Agreement or by the Company if it fails to become or ceases to be a venture capital trust for tax purposes or if the Manager shall cease to be lawfully able to carry out its obligations under the Management Agreement.

If terminated by the Company without due cause or on less than the requisite notice, the Manager shall be entitled to receive an amount representing the fees which would have been payable during the period for which notice shall not have been given, calculated by reference to the previous quarterly payments. The Management Agreement will terminate automatically without compensation, upon the passing of a resolution for the voluntary liquidation, reconstruction or reorganisation of the Company mentioned in paragraph 3.14 above under "Duration of the Company".

The Management Agreement contains provisions indemnifying the Manager against any liability not due to its default, negligence, fraud, breach of FSMA or the rules of the FSA.

In line with common practice in the VCT sector, the Manager is entitled to an arrangement fee, payable by each Investee Company, of approximately 2 per cent. on each investment made and is entitled to any non-executive director fees in respect of the Manager's representation on the boards of Investee Companies.

For the purposes of calculating the fee paid to the Manager, the values of the investments are calculated in accordance with the Company's normal accounting policies, with any disputes being referred to the Company's auditors.

The annual management fees will be charged 75 per cent. against capital reserves for accounting purposes, with the balance and all other expenses being charged against revenue. Any performance fees payable to the Manager will be allocated between capital and revenue reserves on a basis to be determined by the Board.

- 6.3 The Supplemental Management Agreement pursuant to which the Manager will, subject to Admission, provide or procure the provision of certain investment management services to the Company in respect of the D Shares, on the same terms as for the Ordinary Shares under the Management Agreement, apart from the incentive fee which will be based on a Total Return of 6.5 pence per annum on the Offer Price and payable with effect from 6 April 2010.
- 6.4 The Co-investment Agreement relating to the allocation of investment opportunities as described in paragraph 7 under "Conflicts of Interest" below.
- 6.5 The Custodian Agreement pursuant to which the Custodian is responsible for the safekeeping of the Company's securities with such securities and certain cash balances being held in client accounts maintained by the Custodian. In performing its duties the Custodian may, with the prior consent of the Company, appoint agents, sub-custodians and delegates as may be necessary for the performance in whole or in part of the Custodian's duties, provided that the Custodian will remain responsible to the Company for any acts or omissions of any such person. Under the Custodian Agreement, the Custodian has assumed responsibility for any loss occasioned by reason of the negligence, reckless disregard or wrongful misconduct of the Custodian's directors, employees, officers or agents.

7. Conflicts of interest

Investment opportunities received by the Manager are allocated between the VCTs that it manages in accordance with the relevant VCT's specific investment policy.

Under the Co-Investment Agreement where a potential investment satisfies the investment criteria of more than one VCT, it is allocated between the VCTs in the ratio of the funds available for investment. The formula is subject to variation in certain circumstances, for instance in the event of any individual fund being in danger of failing its VCT tests, or in respect of those funds which are both more than 12 months into their investment period and which are less than 75 per cent. invested, are given an additional 50 per cent. weighting. In addition, there are certain exclusions, for instance in the case of rescues or if a fund might otherwise be in breach of VCT regulations.

8. Notification of shareholdings

The provisions of rule 5 of the Disclosure and Transparency Rules (“DTRs”) will apply to the Company and its shareholders. DTR 5 sets out the notification requirements for shareholders and the Company where the voting rights of a shareholder exceed, reach or fall below the threshold of 3 per cent. and each 1 per cent. thereafter up to 100 per cent. DTR 5 provides that disclosure by a shareholder to the Company must be made within two trading days of the event giving rise to the notification and by the Company to a Regulatory New Services by no later than the end of the trading day following such notification.

9. Directors’ interests

9.1 As at the date of this document and on Admission of the D Shares, the interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company which:

9.1.1 are or will be notified to the Company in accordance with DTR 3 by each Director; or

9.1.2 are interests of a connected person (within the meaning of DTR 3) of a Director which are or will be required to be disclosed under paragraph 9.1.1 above and the existence of which is known to or could with reasonable diligence be ascertained by that Director, are or are expected to be as follows:

Director	As at the date of this document		After the Offer has closed*		
	Number of Ordinary Shares	% of issued share capital**	Number of Ordinary Shares	Number of D Shares	% of issued share capital**
Geoffrey Vero	12,000	0.04%	12,000	10,000	0.04%
Andrew Phillipps	123,000	0.41%	123,000	20,000	0.25%
David Pinckney	5,000	0.02%	5,000	–	0.01%
Jonathan Thornton	70,078	0.24%	70,078	10,000	0.14%

*assuming the Offer is subscribed in full to 25,000,000 D Shares and excluding any D Shares issued in respect of early investors and reinvested commission.

**excluding treasury shares.

Partners and staff of Albion Ventures, the Manager, intend to subscribe for not less than 117,000 D Shares.

9.2 As at the date of this document the Company is not aware of any person who holds, directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of Company to which voting rights are attached.

9.3 Save as disclosed in paragraphs 9.1 and 9.2 above, the Company is not aware of any person who will, immediately following Admission of the D Shares, hold (for the purposes of rule 5 of the DTR) directly or indirectly voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could, directly or indirectly, jointly or severally, exercise control over the Company.

9.4 The persons including the Directors referred to in paragraph 9.1 above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

9.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

9.6 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

9.7 In addition to their directorships of the Company, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships, partnerships or been a member of the senior management:

Director	Position	Name of company/partnership	Position still held (Y/N)
Geoffrey Osborne Vero	Director	Govern Finance Limited	Y
	Director	Numis Corporation PLC	Y
	Director	Crown Place VCT PLC	Y
	Director	EPE Special Opportunities plc	Y
	Partner	Nomina 206 LLP	Y
	Director	The Mill Hill School Foundation Limited	N
	Director	Mill Hill School Enterprises Limited	N
	Director	Westcane Limited	N (not a director when company was dissolved)
	Director	Numis Securities Limited	N
	Director	Akers Bio-Science Inc	N
Dr Andrew James Phillipps	Director	Reviewworld Limited	Y
	Director	I20 Water Ltd	Y
	Director	The Entrepreneurs Unite Foundation Limited	Y
	Director	Toptable Holdings Limited	Y
	Director	Toptable.co.uk. Limited	Y
	Member	Howzat Junior LLP	Y
	Member	Ingenious Film Partners 2 LLP	Y
	Director	Hoseasons Holdings Limited	N
	Director	MS Realisations 2008 Limited (In Administration)	N
David Charles Pinckney	Director	Rutland European Property Limited	Y
	Director	Ventus VCT PLC	Y
	Director	Ventus 2 VCT PLC	Y
	Director	Ventus 3 VCT PLC	Y
	Director	Syndicate Asset Management Plc	Y
	Director	The Access Fund General Partner Limited	N (company dissolved whilst still a director)
	Director	The Access Fund (Nominee) Limited	N (company dissolved whilst still a director)
Jonathan George Trevelyan Thornton	Director	Westwood Lodge (Grafham) Management Limited	Y
	Director	Albion Venture Capital Trust PLC	Y
	Director	Jonathan Thornton Limited	Y
	Director	IBEX (U.K.) International Limited	Y
	Director	The International Service Fellowship Trust	N
	Director	The Evangelical Alliance	N
	Director	The Evangelical Alliance Developments Limited	N
	Director	Whitefield Associates Limited	N

The business address of all the Directors is 1 King's Arms Yard, London EC2R 7AF.

- 9.8 None of the Directors has at any time within the last five years;
- had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
 - been the subject of any official incrimination and/or sanctions by statutory or regulatory authorities (including designated recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
 - been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
 - been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
- 9.9 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a member of the Board or member of senior management.

9.10 There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.

9.11 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or guarantees provided by any of the Directors to the Company.

10. Corporate governance

The Board consists solely of non-executive Directors. The Board has arrangements which it considers appropriate for a VCT to ensure proper corporate governance and to enable the Company to comply with the recommendations of the Combined Code, and with the Association of Investment Companies Code of Corporate Governance except as disclosed below.

Since all Directors are non-executive, and day-to-day management responsibilities are sub-contracted to the Manager, the Company does not have a Chief Executive Officer.

Geoffrey Vero is the Chairman of the Company. He is also a non-executive Director of Crown Place VCT, a venture capital trust managed by Albion Ventures LLP.

Jonathan Thornton is a non-executive Director of Albion Venture Capital Trust PLC, a venture capital trust managed by Albion Ventures LLP, and is a member of Albion Ventures LLP Investment Committee.

David Pinckney and Andrew Phillipps are considered independent Directors.

Under the Listing Rules, with effect from October 2010 the Company will be required to have an independent Chairman and a majority of independent Directors where, to be independent, a Director cannot serve on the Board of more than one Company managed by the Manager. The Board is keeping this under review and will report on this in future periods.

David Pinckney and Jonathan Thornton have been Directors of the Company for more than nine years. It is the Company's policy that Directors who have served for more than nine years are subject to annual re-election.

The Board does not consider it necessary, in light of the size and composition of the Board, including the fact that all Directors are non-executive, for a senior independent Director to be appointed. The Board does not have a separate remuneration committee as all of the matters recommended by the 2006 Combined Code to be delegated to a remuneration committee will be considered by the Board as a whole.

The Board has established a separate Audit Committee chaired by David Pinckney.

Written terms of reference have been constituted for the Audit Committee, which are as follows:

- providing an overview of the Company's accounting policies and financial reporting;
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems;
- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- meeting the Company's external auditors annually, approving their appointment, reappointment, remuneration, terms of engagement and providing an ongoing review of auditor independence and objectivity;
- developing and implementing a policy for the supply of non-audit services by the external auditors;
- meeting the internal auditors of Albion Ventures when appropriate;
- ensuring all Directors of the Company, and staff of companies who provide services to the Company feel able to raise issues of serious concern with the chairman of the audit committee, and that such issues, where raised, are subject to proportionate and independent investigation, and appropriate action;
- reporting to the Board, identifying any matters in respect of which action or improvement is needed, and recommending appropriate steps to be taken; and
- undertaking the duties of the management engagement committee, and therefore reviewing all matters arising under the Management Agreement.

With the exception of the matters concerning the independence of the Board, the Senior Independent Director and the Remuneration Committee, as described above, the Directors consider that the Company has and continues to comply with the relevant provisions set out in Section 1 of the Combined Code and the Association of Investment Companies Code of Corporate Governance.

11. Director's remuneration and service agreements

- 11.1 The aggregate remuneration of the Directors for the financial year ended 31 December 2008 was £80,596. The aggregate remuneration of the Directors in respect of the current financial year (under the arrangements in force at the date of this document) is expected to be the same as the previous financial year.
- 11.2 The Directors each receive £20,149 per annum (exclusive of employer's NIC or VAT, if any).
- 11.3 None of the Directors has a service contract with the Company and no such contract is proposed. Each of the Directors has been appointed on terms which can be terminated by either party on three months' notice.
- 11.4 The Directors are not entitled to compensation on termination of their directorships.
- 11.5 The Company has taken out Directors' and Officers' liability insurance for the benefit of the Directors.
- 11.6 The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors.

12. General

- 12.1 The principal place of business and the registered office of the Company is 1 King's Arms Yard, London EC2R 7AF (telephone: 020 7601 1850).
- 12.2 The Company does not have, nor has it had since incorporation, any employees. The Company does not have any subsidiaries.
- 12.3 The Sponsor is or may be a promoter of the Company and will be entitled to receive a fee from the Manager in connection with the Offer, as stated in paragraph 5 above, and may also be entitled to receive commission in its capacity as a recognised intermediary. The Manager may be a promoter of the Company and will receive management fees and other payments from the Company under the Offer Agreement and Management Agreement (as amended by the Supplemental Management Agreement described in paragraphs 5 and 6 above).
- 12.4 Save as disclosed in this paragraph and in paragraphs 5 and 6 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.
- 12.5 Other than the Offer Agreement and the Supplemental Management Agreement there have been no related party transactions relating to the Company.
- 12.6 The Company has not, in the twelve months preceding the date of this document, been engaged in any governmental, legal or arbitration proceedings which may have or have had a significant effect on the Company's financial position or profitability and no governmental, legal or arbitration proceedings are known to the Company to be pending or threatened against the Company.
- 12.7 There has been no significant change in the financial or trading position of the Company since 21 September 2009, being the latest date to which the Company's latest approximate unaudited net asset value has been prepared and published.
- 12.8 The effect of the Offer (on the assumption that 25,000,000 of the Shares available under the Offer are subscribed for and that all of the net proceeds are invested in accordance with the Company's investment policy immediately following the conclusion of the Offer) is to increase the net assets of the Company from £23.6 million at 30 June 2009 to £47.2 million and the issued share capital from 32,713,157 Ordinary Shares to 32,713,157 Ordinary Shares and 25,000,000 D Shares. Had the transaction occurred on 30 June 2009, the net proceeds would have been invested in line with the Company's existing investment policy. As a result there would have been no adverse impact on the Company's earnings on a per Share basis. Any impact on the Company's earnings would have been as a result of a reduction in the fixed running costs of the Company relative to its net assets as a result of the larger size of the Company following completion of the Offer. It is expected that such fixed running costs will fall from approximately 0.9 per cent. to approximately 0.5 per cent. of Net Asset Value (on the basis that 25,000,000 D Shares are subscribed for under the terms of the Offer).
- 12.9 The Offer is sponsored by Brewin Dolphin Limited, which is authorised and regulated by the FSA. The principal place of business of the Sponsor is 12 Smithfield Street, London EC1A 9BD.
- 12.10 Brewin Dolphin Limited has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and the references to it in the form and context in which they appear.
- 12.11 Following the Offer the issued share capital of the Company will be fully paid as to its nominal value. The initial issue price of 100 pence per D Share represents a premium of 50 pence over the nominal value of such D Shares and is payable in full on application.

- 12.12 The Offer is not being underwritten.
- 12.13 Independent market makers will be offered the opportunity to subscribe for D Shares under the Offer.
- 12.14 Where information in this document has been sourced from Albion Ventures, the Company confirms that such information has been accurately reproduced and as far as the Company is aware and is able to ascertain, from information published by Albion Ventures, no facts have been omitted which would render the information so reproduced inaccurate or misleading.
- 12.15 The Manager was incorporated and registered in England and Wales on 6 November 2008 as a Limited Liability Partnership with registered number OC341254. The Manager has its registered office and place of business at 1 King's Arms Yard, London EC2R 7AF, and the telephone number at its registered office is 020 7601 1850. The Manager is domiciled in the UK and authorised and regulated in the UK by the FSA.
- 12.16 The Custodian was incorporated and registered in England and Wales on 22 May 1929 as a private company limited by shares under the Companies Acts 1908 to 1928 with registered number 239726. The Custodian has its registered office at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU and the telephone number at its principal registered office at 7th Floor, Phoenix House, 18 King William Street, London EC4N 7HE is 020 7800 4155. The Custodian is domiciled in the UK and is authorised and regulated in the UK by the FSA.

13. Documents available for inspection

Copies of the following documents are available for inspection at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA and at the registered office of the Company, 1 King's Arms Yard, London, EC2R 7AF during normal business hours on any weekday (public holidays excepted) from the date of this document up to and including 30 April 2010:

- the Memorandum of Association and Articles of the Company;
- the material contracts referred to in paragraph 6 above;
- this prospectus;
- the consent letter from Brewin Dolphin referred to in paragraph 12.10 above;
- the audited Annual Report and Financial Statements for the year ended 31 December 2008, the year ended 31 December 2007 and the year ended 31 December 2006;
- the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the six months ended 30 June 2008;
- the Circular dated 27 August 2008 in respect of the Ordinary Shares' Dividend Reinvestment Scheme; and
- the Circular dated 1 October 2009 relating to the Offer.

1 October 2009

DEFINITIONS

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006
“Acts”	the 1985 Act and the 2006 Act
“Admission”	admission of the D Shares to the Official List and listing on the London Stock Exchange’s main market for listed securities becoming effective
“Albion Ventures” or Manager”	Albion Ventures LLP, the manager of the Company, which is authorised and regulated by the FSA
“Application Form”	the form to apply for D Shares under the Offer set out at the end of this document
“Articles of Association”	the Articles of Association of the Company in force from time to time
“Co-Investment Agreement”	the agreement dated 8 December 2006 and made between Close Brothers Venture Capital Trust PLC (1) Close Brothers Protected VCT PLC (2) Close Income & Growth VCT PLC (3) Crown Place VCT PLC (4) Close Technology & General VCT PLC (5) Close Enterprise VCT PLC (6) The Company (7) and the Manager (8), which was novated to Albion Ventures LLP on 22 January 2009, details of which are contained in paragraph 7 of Part V
“Company” or “Albion Development VCT”	Albion Development VCT PLC
“C Shares”	C Shares of 50 pence each in the share capital of the Company
“CREST”	the relevant system (as defined in the Regulations) operated by Euroclear
“Custodian”	Capita Trust Company Limited
“Custodian Agreement”	the agreement dated 2 December 2003 made between the Company and the Custodian
“D Shareholder”	a holder of D Shares
“D Share Premium Account”	the share premium arising on the issue of D Shares under the Offer
“D Shares”	D Shares of 50 pence each in the share capital of the Company with ISIN GB00B4KFM511 to be issued under the Offer
“Directors” or “Board”	the directors of the Company
“Euroclear”	Euroclear UK & Ireland Limited
“First Closing”	12 noon on 23 December 2009
“Final Closing”	12 noon on 30 April 2010
“FSA”	Financial Services Authority
“FSMA”	Financial Services & Markets Act 2000
“HMRC”	HM Revenue & Customs
“General Meeting”	the general meeting of the Company to be held at 12 noon on 28 October 2009
“IFA”	an independent financial adviser registered under FSMA
“Investee Company” or “Investee Companies”	any or all of the companies in which Albion Development VCT makes an investment

“ITA”	Income Tax Act 2007 as amended
“ICTA”	Income and Corporation Taxes Act 1988
“Listing Rules”	the listing rules of the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the investment management agreement between the Company and Close Ventures Limited dated 10 December 1998 (as amended by supplemental agreements dated 24 September 2002 and 29 May 2007) which were novated to Albion Ventures on 22 January 2009, details of which are contained in paragraph 6 of Part V
“Net Asset Value”	the aggregate of the gross assets of the Company less all current liabilities of the Company
“Net Asset Value Returns”	the aggregate of the Net Asset Value and dividends paid in respect of the Shares
“Net Asset Value per Ordinary Share” or “Net Asset Value per D Share” or “Net Asset Value per Share”	the Net Asset Value divided by the Ordinary Shares or D Shares or Shares, as appropriate, in issue
“Non-Qualifying Investment”	an investment made by the Company which does not comprise a qualifying holding for a venture capital trust under Part 6 ITA
“Offer”	the offer for subscription of up to 30,000,000 D Shares at the Offer Price pursuant to this document
“Offer Agreement”	the agreement between the Directors (1), the Company (2), the Sponsor (3) and the Manager (4), a summary of which is set out in paragraph 5 of Part V of this document
“Offer Price”	100 pence per D Share
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	Ordinary shares of 50 pence each in the capital of the Company with ISIN GB0004832472
“Qualifying Investment” or “Qualifying Holding”	an investment made by the Company in an unquoted trading company which comprises a qualifying holding for a venture capital trust under Chapter 4 of Part 6 ITA
“Registrars”	Capita Registrars Limited
“Regulations”	The Uncertified Securities Regulations 2001 (S.I 2001/3755)
“Shares”	Ordinary Shares and/or D Shares, as the context may require
“Shareholders”	holders of Shares and/or D Shares, as the context may require
“Sponsor” or “Brewin Dolphin”	Brewin Dolphin Limited which is authorised and regulated by the FSA and is a member of the London Stock Exchange
“Supplemental Management Agreement”	the conditional supplementary management agreed dated 30 September 2009 between the Company and Albion Ventures relating to the management of the D Shares details of which are contained in paragraph 6 of Part V
“Total Return”	the sum of dividends paid and net asset value at a given date in relation to the Ordinary Shares or the D Shares as appropriate
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“VCT”	venture capital trust as defined by section 259 ITA

DIRECTORS, MANAGER AND ADVISERS

Directors	Geoffrey Vero FCA (<i>Chairman</i>) Andrew Phillipps PhD, MBA David Pinckney MA, FCA Jonathan Thornton MA, MBA, FCA
Registered Office	1 King's Arms Yard, London EC2R 7AF
Manager, Company Secretary and Administrator	Albion Ventures LLP 1 King's Arms Yard, London EC2R 7AF Telephone: 020 7601 1850 info@albion-ventures.co.uk www.albion-ventures.co.uk
Receiving Agents	Albion Ventures LLP 1 King's Arms Yard, London EC2R 7AF
Custodian	Capita Trust Company Limited Guildhall House, 81-87 Gresham Street, London EC2V 7QE Telephone: 0207 776 5570
Auditors	PKF (UK) LLP Farringdon Place, 20 Farringdon Road, London EC1M 3AP
Taxation Advisers	Pricewaterhouse Coopers 1, Embankment Place, London WC2N 6RH
Solicitors to the Company and to the Offer	Berwin Leighton Paisner LLP Adelaide House, London Bridge, London EC4R 9HA

PART VI

TERMS AND CONDITIONS

- (a) The contract created by the acceptance of applications under the Offer will be conditional upon the Offer Agreement becoming unconditional (save for the condition relating to Admission) and not being terminated in accordance with its terms.
- (b) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned by crossed cheque in favour of the applicant, through the post at the risk of the person entitled thereto.
- (c) The right is reserved by the Company to allot D Shares, for which valid applications under the Offer have been received, at any time up to the closing of the Offer.
- (d) By completing and delivering an Application Form you:
 - (i) offer to subscribe for the number of D Shares specified in your Application Form (or such lesser number for which your application is accepted) at the Offer Price per D Share on the terms of and subject to this document, including these terms and conditions, and the Memorandum and Articles of Association of the Company;
 - (ii) agree that, in consideration of the Company agreeing that it will not issue or allot any D Shares which are subject to the Offer to any person other than by means of the procedures referred to in this document, your application shall not be revoked until after 30 April 2010, and this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agents of your Application Form;
 - (iii) warrant that your remittance will be honoured on first presentation and agree that if it is not honoured you will not be entitled to receive a share certificate or have your CREST account credited in respect of the D Shares applied for unless and until you make payment in cleared funds for such D Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company, it may (without prejudice to other rights) avoid the agreement to allot such D Shares and may allot such D Shares to some other person, in which case you will not be entitled to any payment in respect of such D Shares;
 - (iv) agree that if, following the issue of all or any D Shares applied for pursuant to the Offer (the "Issued Shares"), your remittance is not honoured on first presentation, the Issued Shares shall, forthwith upon payment by Albion Ventures of the Offer Price of the Issued Shares to the Company, be transferred to Albion Ventures at the Offer Price per Issued Share and any partner of Albion Ventures or any director of the Sponsor is hereby irrevocably appointed and instructed to complete and execute all or any form(s) of transfer and/or any other documents in relation to the transfer of Issued Shares to Albion Ventures or such other person as Albion Ventures may direct and to do all such other acts and things as may be necessary or expedient for the purpose of, or in connection with, transferring title to the Issued Shares to Albion Ventures, or such other person, in which case you will not be entitled to any payment in respect of such D Shares;
 - (v) agree that, in respect of those D Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company either (i) by notification to the UK Listing Authority of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Receiving Agents;
 - (vi) agree that any monies returnable to you may be retained by the Receiving Agents pending clearance of your remittance and the completion of any verification of identity required by the

- Money Laundering Regulations 2007 (the "Regulations") and that such monies will not bear interest;
- (vii) subject as provided in paragraphs (iii), (iv) and (v) above, authorise the Receiving Agents to send a share certificate or arrange for your CREST account to be credited in respect of the number of D Shares for which your application is accepted and/or to send a crossed cheque for any monies returnable, by post, at the risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;
 - (viii) warrant that if you sign the Application Form on behalf of somebody else you have due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
 - (ix) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (x) confirm that in making such application you are not relying on any information or representation in relation to the Company other than the information contained in this document and accordingly you agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information or representation;
 - (xi) authorise the Receiving Agents, or any persons authorised by them, as your agent, to do all things necessary to effect registration of any D Shares subscribed by you into your name or into the name of any person in whose favour the entitlement to any such D Shares has been transferred and authorise any representative of Albion Ventures to execute any document required therefor;
 - (xii) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations concerning the Company contained therein;
 - (xiii) confirm and warrant that you have read and complied with paragraph (e) below;
 - (xiv) confirm that you have read the restrictions contained in paragraphs (f) and (g) below and warrant as provided therein;
 - (xv) warrant that you are not under the age of 18;
 - (xvi) agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agents, will be sent at the risk of the person(s) entitled thereto; and
 - (xvii) agree that future dividend payments in respect of D Shares subscribed for will be paid direct into your bank or building society account.
- (e) It is a term of the Offer that, to ensure compliance with the Regulations, Albion Ventures may at its absolute discretion require verification of identity from any person lodging an Application Form (the "Applicant") and, without prejudice to the generality of the foregoing, in particular any person who either (i) tenders payment by way of a Building Society cheque or bankers' draft drawn on an account in the name of a person or persons other than the Applicant, (ii) appears to be acting on behalf of some other person or (iii) who subscribe for in excess of the sterling equivalent of €15,000 (under the Money Laundering Regulations 2007). In these cases, verification of the identity of the Applicant or of any person on whose behalf the Applicant appears to be acting, may be required. In addition, Albion Ventures may use the services of a credit reference agency which will record that an enquiry has been made.

If, within a reasonable period of time following a request for verification of identity and in any case by no later than 3.00 p.m. on the relevant date of allotment, Albion Ventures has not received evidence satisfactory to it as aforesaid, the Company with the agreement of Albion Ventures, at its absolute discretion, may reject any such application in which event the remittance submitted in respect of that application will be returned to the Applicant (without prejudice to the rights of the Company to

undertake proceedings to recover any loss suffered by it as a result of the failure to produce satisfactory evidence of identity).

Where possible Applicants should make payment by their own cheque. If a bankers' draft or building society cheque is used, the Applicant should:

- (i) write his/her name and address on the back of the draft or cheque and, in the case of an individual, record his/her date of birth against his/her name; and
- (ii) ask the bank or building society (if relevant) to endorse on the reverse of the draft or cheque the full name and account number of the person whose account is being debited and stamp such endorsement.

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form but, without limit, Albion Ventures' right to require verification of identity is indicated above.

The completion by an authorised financial intermediary of the agent's box on the application form confirms that the requirements of the Regulations for the identification and verification of the Applicant have been complied with by the intermediary.

- (f) No person receiving a copy of this document or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (g) The D Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) and, subject to certain exceptions, the D Shares may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or to any person in the United States. Persons subscribing for D Shares shall be deemed, and (unless the Company is satisfied that D Shares can be allotted without breach of United States security laws) shall be required, to represent and warrant to the Company that they are not a person in the United States and that they are not subscribing for D Shares for the account of any such person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such D Shares in the United States or to any such person. As used herein, "United States" means the United States of America (including each of the States and the District of Columbia), its territories or possessions or other areas subject to its jurisdiction. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Manager is not registered under the United States Investment Advisers Act of 1940, as amended.
- (h) Applicants are encouraged to submit their Application Forms early in order to be confident that their applications will be successful. In the event that applications are received for an amount in excess of the maximum subscription under the Offer, the Directors reserve the right to exercise their discretion in the allocation of successful applications although the allocation will usually be on a first come first served basis. The right is also reserved to reject in whole or in part any application or any part thereof and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.
- (i) Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

Availability of this Prospectus

Copies of this document and the Application Form are available for collection, until the Offer closes, from the Company and from:

Albion Ventures LLP, 1 King's Arms Yard, London EC2R 7AF; and

Brewin Dolphin Limited, 12 Smithfield Street, London EC1A 9BD.

In addition, a copy of this Prospectus and the accompanying circular to existing Albion Development VCT PLC Shareholders can be found on the Albion Ventures website www.albion-ventures.co.uk.

A copy of this document will also be available to the public for inspection at the Document Viewing Facility at the Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14 5HS.

NOTES ON COMPLETION OF THE APPLICATION FORM

It is essential that you complete all parts of the Application Form in accordance with the following instructions. Authorised Financial Intermediaries MUST read Sections 4 and 5 of these notes.

SECTION 1 – PERSONAL DETAILS

Insert your full name, address, date of birth and National Insurance Number in BLOCK CAPITALS and black ink. Please provide a daytime telephone number and email address in case of query. Your National Insurance number is required to ensure that you can obtain income tax relief.

Please use separate application forms as joint applications cannot be accepted.

In order to reduce fraud risk, dividend payments will be made directly to your bank account, so please complete these details.

SECTION 2 – APPLICATION & PAYMENT

Insert the number of D Shares matching the relevant tax year for which you wish to apply, and the amount of your payment. Your cheque or banker's draft should be for an amount that represents 100 pence multiplied by the number of shares you are applying for. Your application must be for a minimum of 5,000 D Shares per tax year and should be in multiples of 1,000 D Shares.

If you subscribe in time for the Early Investment Discount, Albion Ventures will calculate the additional D Shares due to you.

Payments must be made by crossed cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society. Cheques should be made payable to "Albion Development VCT PLC". The account name should be the same as that shown on the application.

If you would like to pay by bank transfer, please contact the Helpline on the number shown at the bottom of the Application Form.

Forms received before 12 noon on 23 December 2009 are eligible for 1 additional D Share for every 100 shares subscribed. The cost of these additional Shares will be met by the Manager.

SECTION 3 – DECLARATION & SIGNATURE

The Application Form may only be signed by someone other than the applicant named in Section 1 if duly authorised to do so. In such cases the original Power of Attorney (or other relevant legal document) or duly certified copy thereof must be enclosed for inspection.

NOTES FOR AUTHORISED FINANCIAL INTERMEDIARIES ONLY

SECTION 4 – FINANCIAL INTERMEDIARY DETAILS

IFAs must complete (in BLOCK CAPITALS) and STAMP Section 4 giving their full company name and address, a contact name, telephone number, email address and details of their authorisation under the Financial Services and Markets Act 2000. The right is reserved to withhold any payment of commission if the Company is not, at its sole discretion, satisfied that the IFA is authorised or is unable to identify the IFA on the basis of the information provided.

Please note: Commission payments will be made only in accordance with the details provided in Section 4, and to the bank account details in Section 5.

Money Laundering Regulations

If you complete and stamp Section 4 on the second page of the Application Form you are warranting that the applicant is known to you and that you have completed all the verification procedures as required by the relevant rules and guidance of the FSA, the Joint Money Laundering Steering Group Guidance Notes and other anti-money laundering laws and regulations as may be considered appropriate.

You also confirm that this information can be relied upon by the Receiving Agent and will, subject to reasonable notice, be made available to the Company or the Receiving Agent for inspection upon request.

In the event of delay or failure to produce such information, the Company may refuse to accept an application for the Offer.

SECTION 5 – COMMISSION

Complete Section 5 to show the commission structure you wish to receive. If Section 5 is not completed or the election is unclear, and Section 4 has been validly completed, commission of 3 per cent. will be paid by bank transfer.

IFAs must complete and stamp Section 4 and complete Section 5 in order to receive commission. Commission cheques will only be issued in accordance with the details submitted on the Application Form. No other form of instruction will be accepted.

RETURN OF APPLICATION FORMS

Completed application forms, together with the appropriate payment, should be returned to Albion Ventures LLP, 1 King's Arms Yard, London EC2R 7AF by post or can be delivered during office hours to the same address. A blue and white pre-printed reply paid envelope is enclosed with the Prospectus for your convenience.

Please call Albion Ventures at any time during office hours concerning your application on

0808 1781680

*(Calls to this number from a UK landline are usually free;
calls from a mobile may be charged. Calls may be recorded)*

For legal reasons, the helpline will not be able to provide advice on the merits of the Offer or give any personal tax, legal, investment or financial advice.

Please send all completed application forms to:

Albion Ventures LLP, 1 King's Arms Yard, London EC2R 7AF

to arrive no later than 12 noon on 5 April 2010 in respect of the 2009/2010 tax year and no later than 12 noon on 30 April 2010 in respect of the 2010/2011 tax year.

APPLICATION FORM

ALBION DEVELOPMENT VCT PLC

Before completing this application form you should read the Terms and Conditions of Application and Notes on completion of the Application form.

This Offer opens at 8.00 a.m. on 29 October 2009 and **will close at 12 noon on 5 April 2010 in respect of the 2009/2010 tax year and 12 noon on 30 April 2010 in respect of the 2010/2011 tax year** unless the Offer is fully subscribed prior to that date.

Forms received before 12 noon on 23 December 2009 are eligible for 1 additional D Share for every 100 shares subscribed. The cost of these additional D Shares will be met by the Manager.

PLEASE USE BLOCK CAPITALS & BLACK INK

SECTION 1 – PERSONAL DETAILS

Title _____ First name _____ Surname _____

Address _____

Postcode _____ Email _____

Date of Birth _____ National Insurance Number _____

Telephone (Day) _____ Telephone (Evening) _____

It is the Company's intention to pay dividends directly into Shareholders' bank accounts. Please provide details below:

Account name _____ Bank name _____

Sort code _____ Account number _____

SECTION 2 – APPLICATION & PAYMENT

I offer to subscribe for the following number of D Shares under the Terms and Conditions of the Application as set out in the Prospectus dated 1 October 2009. The Application must be for a minimum of £5,000 and in multiples of £1,000.

I ENCLOSE A CHEQUE OR BANKERS' DRAFT DRAWN ON A UK CLEARING BANK, MADE PAYABLE TO 'Albion Development VCT PLC'.

Tax year 2009/2010 _____ D Shares at 100p per D Share totalling £ _____

Tax year 2010/2011 _____ D Shares at 100p per D Share totalling £ _____

SECTION 3 – DECLARATION & SIGNATURE

- 1. I have received and read the Prospectus dated 1 October 2009 and have read the terms and conditions of application contained therein and agree to be bound by them;**
- 2. I will be the beneficial owner of the D Shares in Albion Development VCT PLC issued to me pursuant to the Offer; and**
- 3. To the best of my knowledge and belief, the particulars that I have given on this Application Form are correct.**

**HM REVENUE & CUSTOMS MAY INSPECT THIS FORM.
IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION.**

Signature _____ Date _____

Continued overleaf

TO BE COMPLETED BY AUTHORISED FINANCIAL INTERMEDIARIES ONLY

SECTION 4 – FINANCIAL INTERMEDIARY DETAILS

Financial Adviser Name _____

Title _____ First name _____ Surname _____

Address _____

Postcode _____ Email _____

Telephone _____ FSA number _____

IFA Company Stamp

SECTION 5 – COMMISSION

In order to receive introductory commission please tick one box on the left hand side. If you intend to waive any introductory commission, please complete the boxes on the right hand side. If no choice of introductory commission is made, and the rest of the form has been validly completed, introductory commission of 3% will be paid to the financial intermediary. Please complete and sign the rest of this form;

3% introductory commission

% introductory commission to be waived and reinvested for client

2.5% introductory commission with trail commission of 0.25% pa for four years

% introductory commission to be waived and reinvested for client

It is the Company's intention to pay introductory and trail commissions directly into financial intermediaries' bank accounts. Please provide details below:

Account name _____ Bank name _____

Sort code _____ Account number _____

By completing and stamping this form, you are deemed to have given the warranty and undertaking set out in Note 4 of the accompanying Notes on completion of the Application Form

Signature of IFA _____ Date _____

Please call Albion Ventures at any time during office hours concerning your application on

0808 1781680

*(Calls to this number from a UK landline are usually free;
calls from a mobile may be charged. Calls may be recorded)*

For legal reasons, the helpline will not be able to provide advice on the merits of the Offer or give any personal tax, legal, investment or financial advice.

Please send all completed application forms to:

Albion Ventures LLP, 1 King's Arms Yard, London EC2R 7AF

to arrive no later than 12 noon on 5 April 2010 in respect of the 2009/2010 tax year and no later than 12 noon on 30 April 2010 in respect of the 2010/2011 tax year.

APPLICATION FORM

ALBION DEVELOPMENT VCT PLC

Before completing this application form you should read the Terms and Conditions of Application and Notes on completion of the Application form.

This Offer opens at 8.00 a.m. on 29 October 2009 and **will close at 12 noon on 5 April 2010 in respect of the 2009/2010 tax year and 12 noon on 30 April 2010 in respect of the 2010/2011 tax year** unless the Offer is fully subscribed prior to that date.

Forms received before 12 noon on 23 December 2009 are eligible for 1 additional D Share for every 100 shares subscribed. The cost of these additional D Shares will be met by the Manager.

PLEASE USE BLOCK CAPITALS & BLACK INK

SECTION 1 – PERSONAL DETAILS

Title _____ First name _____ Surname _____

Address _____

Postcode _____ Email _____

Date of Birth _____ National Insurance Number _____

Telephone (Day) _____ Telephone (Evening) _____

It is the Company's intention to pay dividends directly into Shareholders' bank accounts. Please provide details below:

Account name _____ Bank name _____

Sort code _____ Account number _____

SECTION 2 – APPLICATION & PAYMENT

I offer to subscribe for the following number of D Shares under the Terms and Conditions of the Application as set out in the Prospectus dated 1 October 2009. The Application must be for a minimum of £5,000 and in multiples of £1,000.

I ENCLOSE A CHEQUE OR BANKERS' DRAFT DRAWN ON A UK CLEARING BANK, MADE PAYABLE TO 'Albion Development VCT PLC'.

Tax year 2009/2010 _____ D Shares at 100p per D Share totalling £ _____

Tax year 2010/2011 _____ D Shares at 100p per D Share totalling £ _____

SECTION 3 – DECLARATION & SIGNATURE

- 1. I have received and read the Prospectus dated 1 October 2009 and have read the terms and conditions of application contained therein and agree to be bound by them;**
- 2. I will be the beneficial owner of the D Shares in Albion Development VCT PLC issued to me pursuant to the Offer; and**
- 3. To the best of my knowledge and belief, the particulars that I have given on this Application Form are correct.**

**HM REVENUE & CUSTOMS MAY INSPECT THIS FORM.
IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION.**

Signature _____ Date _____

Continued overleaf

TO BE COMPLETED BY AUTHORISED FINANCIAL INTERMEDIARIES ONLY

SECTION 4 – FINANCIAL INTERMEDIARY DETAILS

Financial Adviser Name _____

Title _____ First name _____ Surname _____

Address _____

Postcode _____ Email _____

Telephone _____ FSA number _____

IFA Company Stamp

SECTION 5 – COMMISSION

In order to receive introductory commission please tick one box on the left hand side. If you intend to waive any introductory commission, please complete the boxes on the right hand side. If no choice of introductory commission is made, and the rest of the form has been validly completed, introductory commission of 3% will be paid to the financial intermediary. Please complete and sign the rest of this form;

3% introductory commission

% introductory commission to be waived and reinvested for client

2.5% introductory commission with trail commission of 0.25% pa for four years

% introductory commission to be waived and reinvested for client

It is the Company's intention to pay introductory and trail commissions directly into financial intermediaries' bank accounts. Please provide details below:

Account name _____ Bank name _____

Sort code _____ Account number _____

By completing and stamping this form, you are deemed to have given the warranty and undertaking set out in Note 4 of the accompanying Notes on completion of the Application Form

Signature of IFA _____ Date _____

Please call Albion Ventures at any time during office hours concerning your application on

0808 1781680

*(Calls to this number from a UK landline are usually free;
calls from a mobile may be charged. Calls may be recorded)*

For legal reasons, the helpline will not be able to provide advice on the merits of the Offer or give any personal tax, legal, investment or financial advice.

Please send all completed application forms to:

Albion Ventures LLP, 1 King's Arms Yard, London EC2R 7AF

to arrive no later than 12 noon on 5 April 2010 in respect of the 2009/2010 tax year and no later than 12 noon on 30 April 2010 in respect of the 2010/2011 tax year.

