

AlbionCapital

COVID-19 – Q&A

1. Why have Net Asset Values Fallen?

We have recently undertaken a revaluation exercise of the Albion VCTs to factor in the impact that COVID-19 has had on the underlying portfolio companies. Whilst the diversified make-up of our portfolios has shown some resilience, several of the companies and sectors have been more exposed than others to the pandemic. Unsurprisingly, the 31 March 2020 NAVs have fallen to reflect this.

What are the Net Asset Values as at 31 March 2020 and how much have they fallen?

VCT	31 Dec 2019 NAV*	31 March 2020 NAV	% change
Albion Venture Capital Trust	75.70p	70.13p	-7.36%
Albion Technology & General VCT	82.58p	77.37p	-6.31%
Albion Development VCT	83.47p	77.66p	-6.96%
Crown Place VCT	33.73p	32.02p	-5.07%
Albion Enterprise VCT	115.70p	106.54p	-7.92%
Kings Arms Yard VCT	22.02p	19.79p	-10.13%

*Adjusted for dividends paid between 1 January 2020 and 31 March 2020

2. How have the sectors that you have exposure to been affected?

Albion has structured the VCT portfolios as all-weather portfolios containing c.70 companies which are diversified across sector and stage of maturity of businesses. Exposure is small to at-risk sectors that include leisure, hospitality, retail and travel. The key points to note are as follows:

- Renewable energy assets account for 12% of the portfolio and have been entirely unaffected.
- Digital businesses in mission-critical sectors are proving particularly resilient.
- Following exits in 2019 of 45 pubs, one hotel and one school we have sharply reduced exposure to consumer-facing businesses.
- Exposure to leisure businesses now accounts for under 2% of the aggregate portfolio.
- Education accounts for 4% of the portfolio and care homes accounts for 10% of the portfolio. We are watching these sectors closely, but they have highly professional management, top quality standards and excellent customer satisfaction.
- Several VCT healthcare companies are helping with the fight against COVID-19. These include My Meds and Me, Locums Nest, Healios and Pando.
- Further to the recent fund raising and several successful exits the VCTs have a strong level of cash representing 33% of the portfolio.

3. What does the longer-term performance now look like?

VCTs should be considered a long-term investment and the Albion VCTs have continued to perform strongly with an average annualised total return of 5.9%* over ten years, 6.4% over five years and 5.9% over three years. This is excluding tax relief and net of fees as at 31 March 2020.

*Includes the performance of Kings Arms Yard VCT from 1 January 2011, when Albion became the manager.

4. How have the Albion VCTs compared to other VCT managers during this period?

In general, the VCT sector has been writing down its investments; because the Albion VCTs are concentrated in sectors that are more resilient than many, their write-downs are at the lower end of the scale.

5. Do you expect the VCTs to continue paying dividends?

The VCT Boards absolutely recognise the importance of dividends to shareholders and expect to continue to pay dividends.

6. When will I be able to sell my shares?

Following the announcement of the updated NAVs as at 31 March 2020, the Boards of the VCTs have reinstated buybacks, so far as market conditions and liquidity allow, for those VCTs not currently in a closed period. These, however, have been limited as it is important that we balance the interests of those looking to sell with those that wish to stay invested.

7. How are you dealing with Post?

If you have sent post to the Albion office, we would like to assure you that we are still receiving this and dealing with your enquiries. During this time however, it may be that our response to these will be delayed given the current circumstances. If you have any questions please do not hesitate to contact us at info@albion.capital where we will be happy to assist.

If you are a VCT shareholder who has previously opted to receive shareholder communications from us in paper form and would now prefer to receive it electronically, please contact us at info@albion.capital to change your preferences.

8. What is the outlook?

It is impossible to predict the future; however, a recession seems likely and we don't yet know what this will look like. Our companies are making tough decisions with the necessary courage and conviction to protect their businesses. We are doing all we can to support them.

Each business will have its own challenges, but we believe they will recover and have bright futures. Following our recent £34m VCT fundraising and several successful exits, our VCTs have a good level of cash and are in a strong position to support their portfolio companies as they navigate these difficult times.

Risk Warning

The value of investments can fall as well as rise and an investor may not get back the original amount invested. Performance information refers to the past and past performance is not a reliable indicator of future results. The market value of, and the income derived from shares can fluctuate and there is no guarantee that the market price of shares will fully reflect their underlying net asset value.