

Reasons Why Letter

Albion VCTs Prospectus Top Up Offers 2021/2022

This document is issued by Albion Capital Group LLP (the “Manager”) and is intended for the use of FCA authorised financial advisers only. It contains information extracted from the Albion VCTs Prospectus Top Up Offers 2021/2022 Prospectus dated **6 January 2022** (the “Prospectus”), that may be of use when writing suitability letters. The information and its format are for demonstration purposes only. This summary does not contain a comprehensive review of the risks of the product which are set out in the Prospectus dated **6 January 2022**. Headings and layout are for example only and should not be taken as a definitive example for the form and content of your suitability letters. You have sole responsibility for ensuring your letter is appropriate and tailored for each client ensuring that their financial needs and requirements, their individual circumstances and their risk tolerance are all considered. You also have sole responsibility for ensuring your letter meets regulatory requirements and no responsibility whatsoever is accepted by the Manager for your use of this information, which is provided at your own risk.

The Offers have been designed to provide investors with an income producing, tax-efficient exposure to a portfolio of UK smaller unquoted companies. The Manager believes that the Offers may be attractive to investors seeking the following:

- 1) Experienced manager with strong track record
- 2) Thematic investment strategy
- 3) Investment into an existing portfolio of around 70 businesses
- 5) Target monthly tax-free income yield of around 5.0% (c.7.1% p.a. on net cost after tax relief)
- 4) Up-front income tax relief at 30% for UK taxpayers
- 6) Dividend reinvestment scheme provides a capital growth option, if selected

Leading Venture Capital Investment Manager

The Albion team manages approximately £545 million in VCTs and over the past five years the VCTs under Albion’s management have returned over £154 million in dividends and over £38 million in buy-backs to shareholders. Cumulatively, since inception of the VCTs or since Albion took over management, the Albion VCTs have returned over £342 million in dividends and over £107 million in buy-backs. The Manager’s VCT team consists of 14 investment professionals, 7 of whom are partners.

Thematic investment strategy

The Offers give an investor immediate exposure to all six Albion VCTs, with a combined portfolio of approximately 70 unquoted smaller UK businesses with a total asset value of £545m. The VCTs’ current focus is to make investments in high growth companies, with a focus on technology, particularly within B2B software, healthcare (including healthtech) and tech enabled services in the UK.

Investment portfolio profile

Each VCT will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy with an increasing focus on higher risk healthcare (including healthtech) and

technology companies. Albion aims to ensure that the portfolio is diversified both in terms of the number of investee companies and their maturity.

Investment Opportunity

The new fundraising will enable the Albion VCTs to capitalise on the attractive investment opportunities available in the current market and provide additional liquidity. Amounts subscribed may be invested equally across the six Albion VCTs or otherwise as directed by investors, subject to a minimum subscription of £1,000 for each VCT selected. The minimum investment in aggregate is £6,000. The Offers are targeting to raise up to £80m and may raise up to a further £20m via over-allotment facilities. There is no minimum amount raised for each Offer to proceed. The Offers will close at 2 p.m. on 5 April 2022 for the 2021/2022 tax year, unless fully subscribed earlier. Applications may also be made for the 2022/2023 tax year. The first allotment of shares under the Offers is expected to be 25 February 2022.

Target tax-free income yield of around 5.0%

The current target yield of around 5.0% p.a. of the NAV across each of the six VCTs is equivalent to c.7.1% on the net cost (after up-front tax relief at 30% for UK taxpayers).

Capital growth option

The Albion VCTs operate dividend reinvestment schemes under which shareholders who do not want immediate tax-free dividends may reinvest their dividends automatically in new shares. Buying new shares in this way avoids dealing costs and attracts income tax relief at 30% on the value of the dividend for UK taxpayers. This allows investors to compound their capital growth until such time an investor may decide they wish to start taking the income.

Committed management team

Directors of the Albion VCTs and partners and staff of the Manager hold over £5m by value in the Albion VCTs.

Buy-back policy

The Albion VCTs, where possible, buy back their shares in the market. It is the stated aim of the VCTs that the target discount to net asset value at which they seek to buy back shares is around 5%, so far as market and liquidity conditions permit. To date, Albion VCTs have returned in excess of £107m to shareholders through buy-backs.

Costs

The Offer issue costs are 2.5%. The Manager charges an annual management fee to the VCTs ranging from 1.75% to 2.5% of the net asset values, depending on the VCT. Total annual running costs are limited to between 2.5% to 3% depending on the VCT, with any excess borne by the Manager through a reduction in its management fee. An Early Bird discount is available for the first £10m raised before 2pm on 25 February 2022: Applications from existing shareholders in any of the Albion VCTs will benefit from a 1% discount in the Offer Costs and applications from new investors in the Albion VCTs will benefit from a 0.5% reduction in the Offer Costs. The cost of the discounts will be borne by the Manager. The first £10m is expected to be raised well before the deadline date.

Submission of application forms and payments

Applications may be made using the online Application Form. Subscription monies must be paid electronically. We will not be accepting any applications or cheques by post.

Share Certificates and Income Tax Certificates

Please note that all confirmations of successful applications made through financial advisers will be emailed to both the adviser and the client. Share and tax certificates will be sent within 30 Business Days after the allotment of the New Shares to the investor. These documents are important and should be **kept in a safe place**. Registrars normally charge for issuing replacement share certificates and indemnity insurance may be required.

The Prospectus relating to the Albion VCTs Prospectus Top Up Offers 2021/202 is available on the Albion Capital's website: www.albion.capital. Albion Capital Group LLP is a Limited Liability Partnership whose registered office is at 1 Benjamin Street, London EC1M 5QL and is authorised and regulated by the Financial Conduct Authority.