

Albion VCTs Prospectus Top Up Offers 2023/2024

This document is issued by Albion Capital Group LLP (the “Manager”) and is intended for use by FCA authorised financial advisers only. It contains information extracted from the Albion VCTs Prospectus Top Up Offers 2023/2024 Prospectus dated 15 December 2023 (the “Prospectus”), that may be useful for advisers when writing suitability letters to their clients. This summary does not contain a comprehensive review of the risks of the product which are set out in the Prospectus dated 15 December 2023. The suggested format and information does not purport to fulfil all adviser requirements as regards appropriateness or suitability 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.

The Albion VCT offers are designed to provide investors with an income producing, tax-efficient exposure to a diverse portfolio of early-stage companies that can drive long-term value. The fundraising will enable the Albion VCTs to capitalise on interesting investment opportunities in the current market and provide additional liquidity. The offers may be suitable for investors seeking:

1. Diversification

As VCTs invest in early-stage companies, whose values are closely aligned to the underlying performance of the business, they typically have lower correlation to market movements associated with other listed equities. Albion’s VCTs have a substantial portfolio of c.65 companies covering Albion’s target sectors and the split across businesses from early stage to scale up provides additional diversification.

2. Income stream

The current target yield of around 5.0% p.a. of NAV across each of the five VCTs participating in the offers is equivalent to c.7.1% on the net cost (after up-front tax relief at 30% for UK taxpayers). Each of the VCTs pays dividends twice a year, although these are not guaranteed.

Investors may opt to reinvest their dividends automatically in new shares, which avoids dealing costs and attracts 30% income tax relief for UK taxpayers. This allows investors to compound their capital growth until they wish to start taking the income.

3. Established track record

Albion’s five open VCTs have an annual return rate net of fees and excluding tax relief of:

- 1.3% over 1 year
- 8.8% over 3 years
- 6.6% over 5 years
- 7.4% over 10 years

Albion's five VCTs included in the 2023/2024 offer have c.£580m in AUM as at 30 September 2023, making them among the industry's largest. Size matters because it offers a number of diversification benefits referenced in paragraph 1. Over the past five years the VCTs under Albion's management have returned over £170 million in dividends and over £50 million in buy-backs to shareholders.

4. Experienced manager

With 27 years in venture capital investing, Albion has the experience to navigate difficult markets. This is attributable to the people, which Albion believes are the bedrock of their success.

Albion's large and experienced investment team have backgrounds in healthcare, accountancy, investment banking and strategy consulting. These key skills are not only vital to evaluating the businesses they invest in but allows them to offer valuable strategic support to help them scale.

5. Access to innovation

VCTs focus on small and medium-sized businesses. These are the companies that develop innovative technologies to solve challenges in or disrupt their industries, creating growth potential for those with a stake in their businesses. As thematic investors, Albion focuses on long-term trends that can drive long-term value, specialising in healthcare and B2B mission critical software.

Investors should bear in mind the following suitability factors as well as the risks set out in the Prospectus:

1. Capital at risk

The value of a VCT investment, and any income from it, can fall as well as rise. VCTs invest in smaller, early stage, unlisted companies which are considered high risk and where values can fall or rise sharply. Investors in VCTs may not get back the full amount that they invest.

2. Tax treatment

Tax treatment may change in the future. Tax reliefs are only of benefit to investors who are liable for sufficient UK tax. Tax reliefs depend on the VCT meeting and maintaining its VCT-qualifying status.

3. Long-term investment

Some tax reliefs require the shares to be held for a minimum of 5 years. The recommended hold period is 10 years. A VCT investment should be considered a long-term investment.

4. VCT shares may be difficult to sell

There isn't an active secondary market for VCT shares in the way there is for most other listed companies' shares. This means that an investor who wishes to sell may have to accept a price lower than the Net Asset Value (NAV) of the investment and may not be able to liquidate their investment immediately. (See Buy-back policy below).

5. Protection status

VCT shareholders are not covered by the Financial Services Compensation Scheme and do not have access to the Financial Ombudsman Service in relation to a complaint about a VCT investment. Investors are not customers of Albion Capital, the regulated VCT manager.

Other relevant information:

Subscription terms: Investors may choose to invest in any of the five VCTs, subject to a minimum subscription of £1,000 in each selected VCT and £5,000 in aggregate. The offers are targeting up to £60m. Applications may also be made for the 2024/2025 tax year. The first allotment of shares is expected to be on 20 March 2024.

Buy-back policy: The Albion VCTs, where possible, buy back shares in the market with a target discount to NAV of c.5%, market and liquidity conditions permitting. A VCT is under no obligation to buy back shares and must have sufficient cash reserves to do so. Since inception of the VCTs or since Albion took over management, the Albion VCTs have over £130 million in buy-backs to shareholders.

Costs: The Offer issue costs are 3%. The Manager charges an annual management fee to the VCTs ranging from 1.75% to 2.25% of the NAVs, depending on the VCT. Total annual running costs are limited to 2.5%-3%, with any excess borne by the Manager through a reduction in its management fee. These costs and charges relate only to the VCT investment and do not include fees charged for financial advice.

An Early Bird discount is available for the first £10m raised, **which may be reached soon after launch**, as follows: applications from existing shareholders will benefit from a 1% discount; new investors will benefit from a 0.5% discount. This is a discount on the issue costs only. The cost of the discounts will be borne by the Manager.

The charge for issue costs of 3% are applied by grossing up the adjusted net asset value of a VCT's share. Additional adjustments and rounding can impact the final price paid by investors for the shares. The pricing formula and other adjustments are explained and illustrated in the Prospectus.

Submission of application forms and payments: The online Application Form can be accessed on the Manager's website (www.albion.capital). In the event of difficulty submitting an application using the online Application Form, please contact City Partnership on **01484 240 910** (Monday-Friday, 9 a.m.-5.30 p.m., excluding English public holidays) or at albionvcts@city.uk.com.

Allotment letters: City Partnership will issue allotment letters within 3 Business Days after the allotment of the New Shares to Subscribers and their intermediary through City Partnership's online tracking service at: <https://cityora.uk.com/offers/albn-2324/tracking>.

Subscribers and intermediaries will receive email notifications concerning the availability of such correspondence.

Share certificates and income tax certificates: All confirmations of successful applications made through financial advisers will be emailed to both the adviser and the client. Paper share and income tax certificates will be sent to the investor by post within approximately 30 business days after the allotment of the new shares. An investor who opts to receive dividends in the form of new shares will receive additional paper share certificates by post on a regular basis. 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 2023/2024 is available on the Albion Capital's website: <https://www.albion.capital/current-offers>. 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.