

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser pursuant to the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in Albion Venture Capital Trust PLC (the "Company"), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale and transfer was effected for delivery to the purchaser or transferee.

Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company in respect of the subject matter of this Circular and no one else and, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder, will not be responsible to anyone other than the Company for providing the protections afforded to clients of Howard Kennedy or for providing advice to any other person in relation to the contents of this document or on any other matter referred to in this Circular.

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## **ALBION VENTURE CAPITAL TRUST PLC**

(Incorporated in England and Wales with registered number 03142609)

### **Recommended Proposals to approve changes to the Company's Management Agreement, including a proposed New Performance Incentive**

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Your attention is drawn to the letter from the Chairman of the Company set out on pages 3 to 6 which contains a unanimous recommendation from the Board to vote in favour of the Resolution to be proposed at the General Meeting to be held on 21 August 2019 at The Charterhouse, Charterhouse Square, London EC1M 6AN immediately following the Annual General Meeting.

Notice of the General Meeting is set out at the end of this Circular.

To be valid, the form of proxy relating to the General Meeting should be completed and returned not later than noon on 19 August 2019, either by post or by hand to Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or completed electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy).

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**PART I**  
**LETTER FROM THE CHAIRMAN**

**ALBION VENTURE CAPITAL TRUST PLC**

*(Incorporated in England and Wales with registered number 03142609)*

*Directors*  
Richard Glover  
John Kerr  
Ann Berresford  
Ebbe Dinesen  
Jeff Warren

*Registered Office:*  
1 Benjamin Street  
London  
EC1M 5QL

1 July 2019

Dear Shareholders

**Recommended Proposals to approve changes to the Management Agreement between the Company and its Investment Manager, Albion Capital Group LLP, including a proposed New Performance Incentive**

**1. Introduction**

I am writing to you to propose two changes to the Management Agreement with Albion Capital, the Company's investment manager.

The first is to amend the Current Performance Incentive arrangements, in order to recognise the changes that have taken place in the regulatory and financial environment in recent years. The second is to lower the total expenses cap, above which any additional expenses are borne by the Manager. As these are related party transactions under the Listing Rules, both of these proposals are to be put to Shareholder vote in a single Resolution at the General Meeting to be held on 21 August 2019 immediately following the AGM.

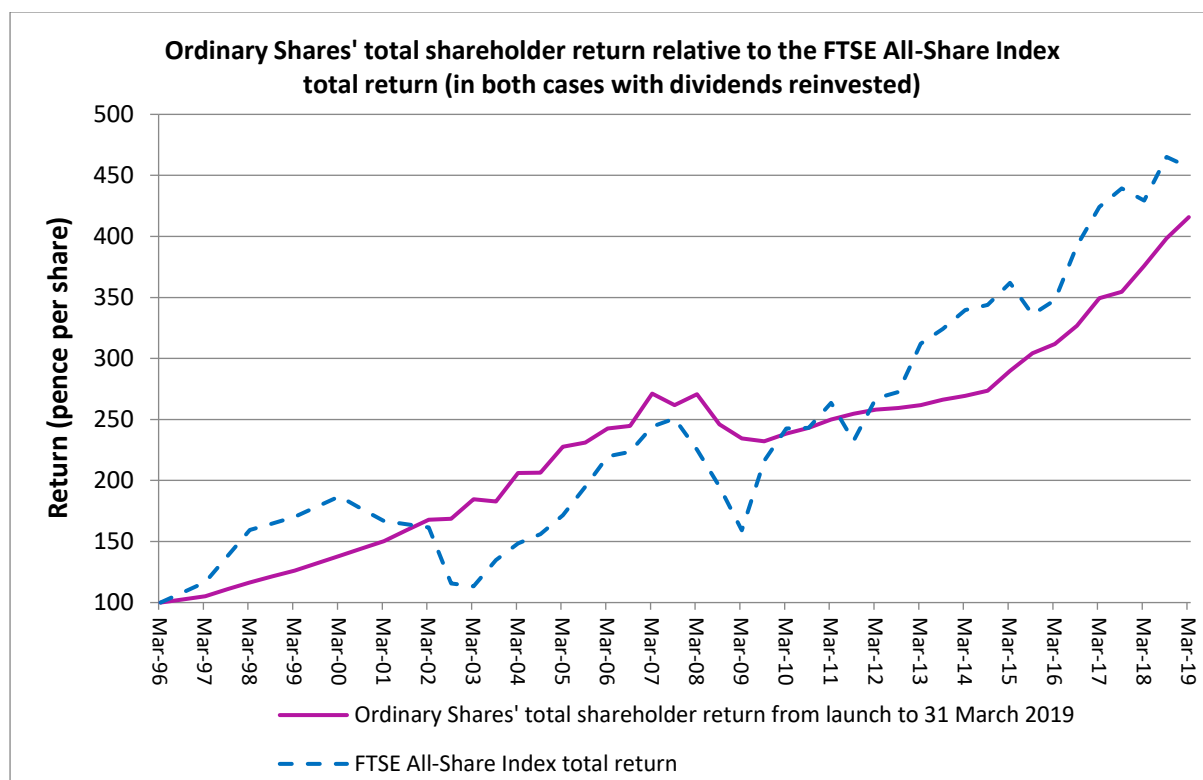
In addition to providing you with further details of the Proposals, this document also explains the reasons why the Board recommends unanimously that you vote in favour of the Resolution. Your attention is directed to the section entitled "Action to be taken" on page 6 of this document which sets out the details of the action you should take.

**2. Performance since launch**

Before reviewing the current incentive arrangements, it is worth reviewing the Company's performance since launch. Overall, this has been pleasing, as is shown below:

Class of share	Year of Launch	Last published NAV and total Dividends	Annualised Return
Ordinary Shares	1996	233.80p	6.5%
C Shares	1997	222.25p	6.1%
Albion Prime VCT	1997	147.08p	2.4%

In addition, the chart below shows that the Ordinary Shares, since launch, have performed fairly closely overall with the FTSE All-Share Index.



### 3. Summary of the Current Performance Incentive

The Board believes that an effective management performance incentive is in the interests of Shareholders. This is for two reasons: first, because it reinforces the interests of the Manager with those of Shareholders. Second, because, in a competitive environment for venture capital professionals, it enables the Manager to hire and retain quality investment staff.

The Current Performance Incentive dates from 2004 (as amended in 2007). Under the current arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 8 per cent. of the excess Total Return above 5 per cent. per annum. The fees paid to date under the Current Performance Incentive have been £276,000 in respect of 2005 and £151,000 in respect of 2007.

We believe that this incentive structure is no longer appropriate for the Company. This is because it was designed for an investment policy which gave investors a predictable return through a portfolio invested in asset-based businesses, which in turn would provide a strong degree of stability and income generation. However, under the new VCT rules introduced following the 2017 Budget, an investment policy aimed at a predictable return is no longer possible, and new qualifying investments now need to be in higher risk, growth and technology companies, which will inevitably produce a more volatile, less predictable and possibly lower return.

The Company has seen a strong performance since its recovery from the financial crisis of 2008, and its annualised return since April 2009 has been 5.3 per cent.. Nevertheless, the structure of the Current Performance Incentive, combined with the legacy effects of the write-downs at the time of the financial crisis, mean that the current Total Return is still 17.5 pence below the target levels required. This in turn means that, for a VCT whose performance has been good, and which is now implementing a new and potentially challenging investment policy, there are not effective management performance arrangements currently in place to appropriately incentivise the Manager.

In addition, the scale of the incentive fee (8 per cent. of the excess of the Total Return) is low compared to the generality of VCTs, where the norm is for a 20 per cent. share of the excess. This in turn reflected an expectation that the lower risk investment policy, in an environment where interest rates and risk free returns on cash were considerably higher than now, would result in the performance criteria for the incentive being met fairly regularly. This would result in regular payments to the Manager, at a more modest level than the normal 20 per cent. share of the excess would have generated.

#### **4. Proposed New Performance Incentive**

The proposed New Performance Incentive provides the Manager with a 20 per cent. share of the excess return above the hurdle. In addition, the proposed New Performance Incentive will adjust the hurdle to a variable, inflation related basis, such that the Manager should only be rewarded if Shareholders have achieved returns comfortably above inflation.

Under the Proposals, the existing annual hurdle rate will be replaced by a new hurdle linked to RPI + 2 per cent.. The rationale for this is that a return based on RPI is a useful measure for a long term savings product in a potentially inflation-prone environment, and this level of hurdle is both broadly in line with other private equity VCTs and is a realistically achievable objective to incentivise the Manager appropriately for the benefit of the Company and Shareholders. The hurdle would be calculated every year, based on the previous year's closing NAV per Share. The Manager will receive an amount equal to 20 per cent. of the returns achieved in excess of the hurdle. If the hurdle is missed in any year, then it will continue to compound until the next year that the hurdle is exceeded. At the current rate of RPI, the hurdle would be equivalent to 4.4 per cent. per annum. The starting point for the proposed New Performance Incentive will be 1 April 2019 with a starting NAV of 79.0 pence per Share, being the audited net asset value per Ordinary Share as at 31 March 2019.

#### **5. Reduction in total expenses cap**

The operating expense ratios of VCTs, whilst higher than other forms of closed ended funds, have been reducing over the years, partly because the VCTs themselves have been becoming bigger, resulting in economies of scale. This is clearly a welcome trend.

The cap for the Company's Total Expense Ratio ("**TER**") is currently 3 per cent., which is similar to most of the VCT industry. As part of the overall Proposals, the Board has agreed with the Manager that the TER cap be reduced to 2.5 per cent. per annum commencing from 1 April 2019. This would compare favourably with most VCTs. This provision would be included in the proposed revised Management Agreement, although it would not immediately result in a reduction in management fees, as the TER for the year ended 31 March 2019 was 2.4 per cent..

Further details of the Proposals are set out in paragraph 6 of Part II of this Circular.

## **6. Shareholder Approval**

Under the Listing Rules, the Manager is a related party of the Company and the Proposals constitute a related party transaction, requiring the approval of the Independent Shareholders. The Resolution approving the Proposals, which are set out in the Deed of Variation, will, therefore, be proposed at the General Meeting.

If the Resolution is not passed by the Independent Shareholders, the Deed of Variation will not become effective and the terms of the existing Management Agreement will remain in force.

## **7. Risk factors**

If the proposals set out in this Circular are not approved by Shareholders, the Manager may find it more difficult to recruit and retain staff and this may affect the performance of the Manager and thereby returns to Shareholders. Further the Company will have incurred the costs of preparing this Circular and posting it to Shareholders of approximately £9,000.

## **8. Action to be taken**

Shareholders will find included with the Circular a form of proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy so as to be received not less than 48 hours before the time appointed for holding the General Meeting. Completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the General Meeting should a Shareholder wish to do so.

## **9. Recommendation**

The Board considers that the Proposals are in the best interests of the Company and the Shareholders as a whole and recommends you to vote in favour of the Resolution. The Board, which has been so advised by Howard Kennedy as sponsor to the Company, considers that the arrangements set out in this Circular are fair and reasonable as far as the Shareholders are concerned. In providing its advice, the Sponsor has taken into account the Board's commercial assessment of the Proposals.

All the Directors intend voting in favour of the Resolution in respect of their own beneficial shareholdings in the Company which, at the date of this Circular, total 131,508 Ordinary Shares (representing approximately 0.14 per cent. of the issued Ordinary Shares (excluding treasury shares)).

Yours sincerely

Richard Glover  
Chairman

## PART II

### Additional Information

#### 1. Responsibility

The Company and the Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (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.

#### 2. Issued Share Capital

As at 28 June 2019 (being the latest practicable date before publication of this Circular), there were 95,567,785 issued Ordinary Shares, excluding 11,517,188 Ordinary Shares held in treasury, each ranking pari passu. The Ordinary Shares are listed on the Official List of the UK Listing Authority.

#### 3. Directors' and Other Interests

3.1 The interests of the Directors, or persons connected with such Directors, (all of which are beneficial unless otherwise stated) in the issued Ordinary Shares as at 28 June 2019 (being the latest practicable date before publication of this Circular) were:

Director	Ordinary Shares
Richard Glover	50,441
John Kerr	19,446
Ann Berresford	-
Ebbe Dinesen	41,621
Jeff Warren	20,000

3.2 Save as disclosed above, no Director, nor (so far as is known to the relevant Director) any person connected with a Director, has any interest in the issued Ordinary Shares.

#### 4. Major Shareholdings

As at 28 June 2019 (being the latest practicable date prior to the publication of this Circular), the Directors were not aware of any direct or indirect holdings of 3 per cent. or more of the Company's issued Ordinary Shares or of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

## 5. Material Contracts

Other than the contracts listed in (a) to (j) below, the Company has not entered into (i) any contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this Circular which is or may be material; or (ii) any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Circular.

- (a) A Management Agreement dated 13 February 1996 (as novated, amended and supplemented) pursuant to which the Manager provides discretionary investment management and administration services to the Company.

Under the Management Agreement, the Manager is paid an annual fee equal to 1.9 per cent. of the Company's net assets which is paid quarterly in arrears.

The total annual running costs of the Company, including fees payable to the Manager, Directors' fees, professional fees and the costs incurred by the Company in the ordinary course of business (but excluding any exceptional items and performance fees payable by the Manager) are capped at an amount equal to 3.0 per cent. of the Company's net assets, with any excess being met by the Manager by way of a reduction in management fees.

The Manager is, in addition, entitled to a performance fee. No performance fee is payable to the Manager until the total return exceeds 5 per cent. per annum per Share. If the target return is not achieved in a period, the cumulative shortfall is carried forward to the next accounting period and has to be made up before an incentive fee becomes payable. To the extent that the total return exceeds the threshold over the relevant period, a performance fee will be paid to the Manager of an amount equal to 8 per cent. of the excess.

The Management Agreement 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, either party committing a material breach of the Management Agreement and failing to rectify the same within 45 days of being requested to do so or if the Company 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 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, if either party enters into liquidation or has a receiver or administrator appointed over it or its assets, if the Manager ceases to be permitted to act as manager, if the Manager commits an act of fraud or upon the passing of a resolution for the voluntary liquidation, reconstruction or reorganisation of the Company as provided the Company's Articles of Association.

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 FCA.

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 monitoring 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 as to 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.

- (b) An offer agreement dated 5 September 2017 between the Albion VCTs, the directors of the Albion VCTs, the Manager and the Sponsor, under which the Sponsor agreed to act as sponsor to the 2017/18 offers (the "**September 2017 Offer Agreement**"). The Albion VCTs and the Manager gave customary representations, warranties and indemnities to the Sponsor. The Sponsor was entitled to terminate the September 2017 Offer Agreement at any time prior to admission if, amongst others, it became aware of any material breach of warranty prior to admission or if any statement contained in the prospectus was or had become untrue, inaccurate or misleading in any material and adverse respect. Under the September 2017 Offer Agreement, the Albion VCTs agreed to pay the Manager a fee of an amount equal to 2.5 per cent. of the gross proceeds of the 2017/2018 offers received by the Albion VCTs out of which the Manager would bear all of the costs of the offers.
- (c) An offer agreement dated 4 January 2019 between the Albion VCTs, the directors of the Albion VCTs, the Manager and the Sponsor, under which the Sponsor agreed to act as sponsor to the 2018/19 offers (the "**January 2019 Offer Agreement**"). The Albion VCTs and the Manager gave customary representations, warranties and indemnities to the Sponsor. The Sponsor was entitled to terminate the January 2019 Offer Agreement at any time prior to admission if, amongst others, it becomes aware of any material breach of warranty prior to admission or if any statement contained in the prospectus was or had become untrue, inaccurate or misleading in any material and adverse respect. Under the January 2019 Offer Agreement, the Albion VCTs agreed to pay the Manager a fee of an amount equal to 2.5 per cent. of the gross proceeds of the Offers received by the Albion VCTs out of which the Manager will bear all of the costs of the 2018/19 offers. Any excess will be retained by the Manager.
- (d) An allocation of investments agreement dated 8 December 2010 (as supplemented by a side letter dated 6 June 2013 and as amended on 21 June 2019) (the "**Allocation Agreement**") between the Manager and the Albion VCTs, pursuant to which the parties agreed how the allocation of investment opportunities will be regulated. This agreement provides that where more than one of the Albion VCTs wishes to invest in an investee company, the allocation shall be made in accordance with the ratio of funds available for investment, save that (i) where an Albion VCT has less than 85 per cent. of its holdings being qualifying, such weighting shall be increased to 1.5 times or (ii) where an Albion VCT is in the process of disposing an investment, such expected funds shall have a weighting reduced to 0.5 times.
- (e) A letter of engagement dated 13 June 2017 between the Albion VCTs and the Sponsor (the "**June 2017 Engagement Letter**") pursuant to which the Sponsor agreed to act as sponsor to the Albion VCTs for the purposes of the 2017/18 offers. The engagement could be terminated at any time by either party on giving reasonable written notice to the other.

- (f) A letter of engagement dated 25 October 2018 between the Albion VCTs and the Sponsor and signed on behalf of the Albion VCTs on 12 November 2018 (the "**2018 Engagement Letter**") pursuant to which the Sponsor will act as sponsor to the Albion VCTs for the purposes of the 2018/19 offers. The engagement may be terminated at any time by either party on giving reasonable written notice to the other.
- (g) An agreement between the Albion VCTs and the Manager dated 5 September 2017 (the "**September 2017 Trust Agreement**") pursuant to which Albion Venture Capital Trust PLC agreed to hold the subscription monies received under the 2017/18 offers as trustee for itself and the other Albion VCTs until Shares were allotted by the Albion VCTs, following which funds were distributed to the relevant Albion VCTs.
- (h) An agreement between the Albion VCTs and the Manager dated 4 January 2019 (the "**January 2019 Trust Agreement**") pursuant to which the Company has agreed to hold the subscription monies received under the 2018/19 offers as trustee for itself and the other Albion VCTs until Shares were allotted by the Albion VCTs, following which funds were distributed to the relevant Albion VCTs.
- (i) An agreement dated 1 October 2018 made between investment funds managed or advised by the Manager (including the Albion VCTs), the Manager and Ocorian (UK) Limited (the "**Ocorian Agreement**") pursuant to which Ocorian (UK) Limited provides depository services to the Manager and the funds. Ocorian (UK) Limited is entitled to an implementation fee of £10,000 and total annual fees of £80,400. The agreement is terminable on 6 months' notice.
- (j) The Deed of Variation described in paragraph 6 below.

## 6. The Deed of Variation

On 1 July 2019 the Company and the Manager entered into the Deed of Variation which, subject to the passing of the Resolution, will vary the Management Agreement as follows:

- (a) By deleting the existing definition of Target Return and substituting therefor the following new definition;
 

**"Target Return"** RPI plus 2 per cent. based on the previous year's closing NAV per Share;
- (b) By deleting the existing definition of Share of Excess Return and substituting therefor the following new definition;
 

**"Share of Excess Return"** 20 per cent.;
- (c) By inserting the following new definition of RPI as follows:
 

**"RPI"** the general index of retail prices published by the Office of National Statistics each month;

(d) By inserting the following new clause 5:

#### 5. Annual Running Costs

The total recurring annual running expenses of the Company, including fees payable to the Manager, Directors' fees, professional fees and the costs incurred by the Company in the ordinary course of business (but excluding any exceptional items and performance fees payable by the Manager) are capped at an amount equal to 2.5 per cent. of the average net assets attributable to the shareholders of the Company for a Financial Period, with any excess being met by the Manager by way of a reduction in management fees.

#### 7. Directors' Service Contracts and Remuneration

None of the Directors has a service contract with the Company and the services of the Directors are provided to the Company pursuant to letters of appointment, under which they are required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as a non-executive director.

The Directors are each currently entitled to receive the following annual fees:

<b>Director</b>	<b>£</b>
Richard Glover	27,000
John Kerr	24,000
Ann Berresford	22,000
Ebbe Dinesen	22,000
Jeff Warren	22,000

#### 8. Significant Changes

Since 31 March 2019 (being the end of the last financial period for the Company for which audited financial information has been published), there has been no significant change in the financial or trading position of the Company.

#### 9. Other

9.1 The Company was incorporated and registered in England and Wales under the Companies Act 1985 as a public company limited by shares on 22 December 1995, with registered number 03142609 under the name Close Brothers Venture Capital Trust PLC. The Company's name was changed to Albion Venture Capital Trust PLC on 25 March 2009, which is the current legal and commercial name of the Company. The registered office of the Company is at 1 Benjamin Street, London EC1M 5QL.

9.2 Howard Kennedy Corporate Services LLP is acting for the Company and no one else in connection with the advice given to the Board referred to in this Circular. Howard Kennedy Corporate Services LLP is authorised and regulated in the United Kingdom by the Financial Conduct Authority (firm reference number 523524).

9.3 Howard Kennedy has given and has not withdrawn its written consent to (i) the issue of this Circular with the references to it in the form and context in which they appear and (ii) the inclusion of the statement on page 6 of this Circular that it has advised the Board that it considers the Resolution to be fair and reasonable as far as the Shareholders are concerned.

9.4 The investment manager of the Company is Albion Capital Group LLP, which was incorporated on 6 November 2008 in England and Wales as a limited liability partnership and is authorised and regulated by the Financial Conduct Authority (firm reference number 492536).

9.5 As at the date of this Circular, the Company has 107,084,973 Ordinary Shares in issue.

9.6 As at the date of this Circular, no warrants or options to subscribe for Shares are outstanding.

9.7 As at the date of this Circular, the Company holds 11,517,188 Ordinary Shares in treasury.

9.8 Save for the Deed of Variation referred to in paragraph 6 above, the Company has not entered into any related party transactions during the financial years ended 31 March 2017, 31 March 2018 and 31 March 2019 and since 31 March 2019.

## **10. Documents Available for Inspection**

Copies of the following documents are available for inspection from the date of this Circular at the registered office of the Company at 1 Benjamin Street, London EC1M 5QL during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until the conclusion of the General Meeting and will also be available for inspection at the place of the General Meeting during, and for at least 15 minutes before, the General Meeting:

- 10.1 the audited accounts of the Company for the years ended 31 March 2018 and 2019;
- 10.2 the unaudited interim financial statements for the 6 month periods to 30 September 2017 and 30 September 2018;
- 10.3 the material contracts referred to in paragraph 5 of this Part II;
- 10.4 the consent letter from Howard Kennedy referred to in paragraph 9.3 of this Part II;
- 10.5 the Directors' letters of appointments referred to in paragraph 7 above;
- 10.6 this Circular; and
- 10.7 the memorandum and articles of association of the Company.

1 July 2019

## PART III

### Definitions

<b>'Albion VCTs'</b>	Albion Development VCT PLC, Albion Enterprise VCT PLC, Albion Technology & General VCT PLC, Albion Venture Capital Trust PLC, Crown Place VCT PLC and Kings Arms Yard VCT PLC
<b>"Albion VCTs Prospectus Top Up Offers 2018/2019"</b>	the Albion VCTs' offers for subscription, as set out in a prospectus dated 7 January 2019
<b>'Annual General Meeting'</b>	the annual general meeting of the Company to be held on 21 August 2019 (or any adjournment thereof)
<b>'Associate'</b>	has the meaning given in the Listing Rules
<b>'Board' or 'Directors'</b>	the board of directors of the Company
<b>'the Circular'</b>	this document dated 1 July 2019
<b>'the Company'</b>	Albion Venture Capital Trust VCT PLC
<b>'Current Performance Incentive'</b>	the performance incentive agreement between the Company and Albion Capital as set out in the Management Agreement
<b>'Deed of Variation'</b>	the deed of variation dated 1 July 2019 between the Company and the Manager, varying certain terms of the Management Agreement and the principal terms of which are summarised in paragraph 6 of Part II of this Circular
<b>'Howard Kennedy' or 'Sponsor'</b>	Howard Kennedy Corporate Services LLP, registered number OC354088
<b>'FCA'</b>	The Financial Conduct Authority, or its successor regulator
<b>'FSMA'</b>	The Financial Services and Markets Act 2000
<b>'General Meeting'</b>	the general meeting of the Company to be held on 21 August 2019 (or any adjournment thereof)
<b>'Independent Shareholders'</b>	Shareholders other than the Manager and its Associates
<b>'Listing Rules'</b>	the listing rules issued by the FCA in accordance with section 73A of FSMA

<b>'Management Agreement'</b>	the Management agreement between the Company and the Manager dated 13 February 1996 (as novated, amended and supplemented), summarised in paragraph 5(a) of Part II of this Circular
<b>'Manager' or 'Albion Capital'</b>	Albion Capital Group LLP, registered number OC341254, whose registered office is 1 Benjamin Street, London EC1M 5QL
<b>'NAV'</b>	net asset value
<b>'New Performance Incentive'</b>	the proposed new performance incentive to be included in the Deed of Variation, forming part of the Proposals
<b>'Proposals'</b>	the proposals to amend the Management Agreement by introducing a New Performance Incentive and reducing the expenses cap on the Company's operating expenses as summarised in paragraph 6 of Part II of this Circular
<b>'Resolution'</b>	the resolution to be proposed at the General Meeting
<b>'RPI'</b>	the general index of retail prices published by the Office of National Statistics each month
<b>'Shareholders'</b>	holders of Shares
<b>'Shares' or 'Ordinary Shares'</b>	ordinary shares of 1 penny each in the capital of the Company
<b>'Total Expense Ratio' or 'TER'</b>	the total recurring annual running expenses of the Company as a percentage of the average net assets attributable to Shareholders for a year
<b>'Total Return'</b>	the aggregate of the net asset value of the Company and dividends paid by the Company
<b>'Total Return Hurdle'</b>	the Total Return hurdle that must be achieved in order for an Incentive Payment to be made, as detailed in Part I
<b>'VCT'</b>	a venture capital trust, as defined in Section 259 Income Taxes Act 2007

# ALBION VENTURE CAPITAL TRUST PLC

*(Incorporated in England and Wales with registered number 03142609)*

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Albion Venture Capital Trust PLC (the “Company”) will be held at The Charterhouse, Charterhouse Square, London EC1M 6AN on 21 August 2019 immediately following the conclusion of the Annual General Meeting of the Company convened for noon for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

### ORDINARY RESOLUTION

That the Deed of Variation, as defined in, and details of which are set out in, the circular issued to the Company's shareholders dated 1 July 2019, be and is hereby approved.

By Order of the Board

Albion Capital Group LLP  
Company Secretary  
Registered office:  
1 Benjamin Street  
London EC1M 5QL

1 July 2019

Notes

1. Members entitled to attend, speak and vote at the General Meeting may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
  - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilion, Bridgwater Road, Bristol, BS99 6ZY;
  - going to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions provided there; or
  - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. A member may not use any electronic address provided in the Notice of this meeting to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by noon on 19 August 2019.

In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company's registrar, Computershare Investor Services, at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of noon on 19 August 2019 applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: [www.euroclear.com/CREST](http://www.euroclear.com/CREST). Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.
3. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at noon on 19 August 2019 (or, in the event of any adjournment, on the date which is two working days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this General Meeting and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by noon on 19 August 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.



6. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from [www.albion.capital/funds/AAVC](http://www.albion.capital/funds/AAVC) under the 'Financial Reports and Circulars' section.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. As at 28 June 2019 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 107,084,973 Ordinary shares. The Company holds 11,517,188 shares in treasury. Therefore, the total voting rights in the Company as at 28 June 2019 are 95,567,785.