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**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 authorised pursuant to the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in Albion Income & Growth VCT 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 or transfer was effected for delivery to the purchaser or transferee.

SGH Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and Albion Technology & General VCT PLC and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

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# **ALBION INCOME & GROWTH VCT PLC**

*(Registered in England and Wales with registered number 05132495)*

## **Recommended proposals for a merger with Albion Technology & General VCT PLC by way of a scheme of reconstruction of the Company and cancellation of the listing of the Company's shares**

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Your attention is drawn to the letter from the Chairman of the Company set out in Part II of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the Meetings referred to below. Your attention is also drawn to the risk factors set out in Part IV of this document.

You will find set out at the end of this document notices of the First General Meeting of the Company to be held at The City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.30 a.m. on 4 November 2013 to approve the Scheme and of the Second General Meeting of the Company to be held at 1 King's Arms Yard, London EC2R 7AF at 10.00 a.m. on 15 November 2013 to place the Company into members' voluntary liquidation.

To be valid, the appropriate form of proxy enclosed with this document should be returned by 5.30 p.m. on 31 October 2013 in respect of the First General Meeting and by 10.00 a.m. on 13 November 2013 in respect of the Second General Meeting or not less than 48 hours before any adjournment of the relevant meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. For further information on the Meetings or the completion and return of a form of proxy, please telephone Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 873 5859 or, if telephoning from outside the UK, on +44 870 873 5859. Calls to Computershare Investor Services PLC helpline (0870 873 5859) are charged at national rates. Further details will be available from your service provider. Calls to Computershare Investor Services PLC from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

**For further information, Shareholders are recommended to read the prospectus issued by Albion Technology & General VCT PLC dated 10 October 2013 which accompanies this document (other than in respect of Shareholders with a registered address in an overseas jurisdiction) for information purposes.**

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## CORPORATE INFORMATION

<b>Directors</b>	Friedrich Ternofsky ( <i>Chairman</i> ) Robin Archibald Mary Anne Cordeiro Patrick Reeve  (all of the registered office)
<b>Registered Office</b>	1 King's Arms Yard London EC2R 7AF Telephone: 020 7601 1850 Website: <a href="http://www.albion-ventures.co.uk">www.albion-ventures.co.uk</a>
<b>Company Number</b>	05132495
<b>Investment Manager, Administrator and Company Secretary</b>	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
<b>Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>Solicitors</b>	SGH Martineau LLP No. 1 Colmore Square Birmingham B4 6AA
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Liquidators</b>	William Duncan and Keith Allan Marshall Baker Tilly Business Services Limited 2 Wellington Place Leeds LS1 4AP

## EXPECTED TIMETABLES

### EXPECTED TIMETABLE FOR THE COMPANY

Date from which it is advised that dealings in Shares should only be for cash settlement and immediate delivery of documents of title	25 October 2013
Latest time for receipt of forms of proxy for the First General Meeting	5.30 p.m. on 31 October 2013
First General Meeting	11.30 a.m. on 4 November 2013
Latest time for receipt of forms of proxy for the Second General Meeting	10.00 a.m. on 13 November 2013
Calculation Date	5.00 p.m. on 14 November 2013
Register of members closed and Record Date for Shareholders' entitlements under the Scheme	5.30 p.m. on 14 November 2013
Dealings in Shares suspended	7.30 a.m. on 15 November 2013
Second General Meeting	10.00 a.m. on 15 November 2013
Effective Date for the transfer of the assets and liabilities of the Company to AATG and the issue of New AATG Shares pursuant to the Scheme*	15 November 2013
Announcement of the results of the Scheme	15 November 2013
Cancellation of the Shares' listing	8.00 a.m. on 13 December 2013

(\*see the timetable for AATG with regard to admission, CREST accounts being credited and certificates being dispatched)

### EXPECTED TIMETABLE FOR AATG

Latest time for receipt of forms of proxy for the AATG General Meeting	5.30 p.m. on 31 October 2013
AATG General Meeting	10.00 a.m. on 4 November 2013
Calculation Date	5.00 p.m. on 14 November 2013
Effective Date for the transfer of the assets and liabilities of the Company to AATG and the issue of New AATG Shares pursuant to the Scheme*	15 November 2013
Announcement of the results of the Scheme	15 November 2013
Admission of and dealings in New AATG Shares issued pursuant to the Scheme to commence	18 November 2013
CREST accounts credited with New AATG Shares issued pursuant to the Scheme	18 November 2013
Certificates for New AATG Shares issued pursuant to the Scheme dispatched	22 November 2013

(\*this will, therefore, be the final expected date of trading of the Shares)

**PART I**  
**DEFINITIONS**

“AATG”	Albion Technology & General VCT PLC, registered in England and Wales under number 04114310 whose registered office is at 1 King’s Arms Yard, London EC2R 7AF
“AATG Board”	the board of directors of AATG
“AATG Circular”	the circular to AATG Shareholders dated 10 October 2013
“AATG Half-Yearly Report”	the unaudited half-yearly report of AATG for the six month period ended 30 June 2013
“AATG General Meeting”	the general meeting of AATG to be held on 4 November 2013 (or any adjournment thereof)
“AATG Prospectus”	the prospectus issued by AATG dated 10 October 2013
“AATG Shareholders”	the holders of AATG Shares (and each an “AATG Shareholder”)
“AATG Shares”	ordinary shares of 1 penny each in the capital of AATG (and each an “AATG Share”)
“CA 2006”	the Companies Act 2006, as amended
“Companies”	the Company and AATG
“Company”	Albion Income & Growth VCT PLC
“Directors”	the directors of the Company (and each a “Director”)
“Effective Date”	the date on which the Scheme will be completed, anticipated as being 15 November 2013
“Enlarged Company”	AATG, following implementation of the Scheme
“FCA”	the Financial Conduct Authority
“First General Meeting”	the general meeting of the Company to be held on 4 November 2013 (or any adjournment thereof)
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Half-Yearly Report”	the unaudited half-yearly report of the Company for the six month period ended 31 March 2013
“HMRC”	Her Majesty’s Revenue & Customs
“IA 1986”	the Insolvency Act 1986, as amended
“ITA 2007”	the Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Keith Allan Marshall of Baker Tilly Business Services Limited, 2 Wellington Place, Leeds LS1 4AP, being the proposed liquidators of the Company
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange PLC
“Meetings”	the First General Meeting and the Second General Meeting

“Merger Ratio”	the Roll-Over Value divided by the Merger Value rounded down to four decimal places
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Value”	the value of an AATG Share calculated in accordance with paragraph 4 of Part III of this document
“NAV” or “net asset value”	net asset value
“New AATG Shares”	new AATG Shares to be issued by AATG to Shareholders in accordance with the Scheme (and each a “New AATG Share”)
“Official List”	the official list of the UKLA
“Proposals”	the proposals to effect the Scheme and pass the Resolutions
“Record Date”	the record date to which Shareholders’ entitlement will be allocated pursuant to the Scheme, anticipated as being 14 November 2013
“Resolutions”	the resolutions to be proposed at the Meetings (and each a “Resolution”)
“Roll-Over Value”	the value of a Share calculated in accordance with paragraph 4 of Part III of this document
“RPI”	the retail prices index as compiled by the Office for National Statistics (or any replacement thereof)
“Scheme”	the proposed merger of the Company and AATG by means of placing the Company into members’ voluntary liquidation pursuant to section 110 of IA 1986 and the acquisition by AATG of all of the Company’s assets and liabilities in consideration for New AATG Shares, further details of which are set out in Part III of this document
“Second General Meeting”	the general meeting of the Company to be held on 15 November 2013 (or any adjournment thereof)
“Shareholders”	holders of Shares (and each a “Shareholder”)
“Shares” or “AATG Shares”	ordinary shares of 1 penny each in the capital of the Company (and each a “Share”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreement”	the agreement between AATG and the Company (acting through the Liquidators) for the transfer of all of the assets and liabilities of the Company by the Liquidators to AATG pursuant to the Scheme
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts

## PART II

### LETTER FROM THE CHAIRMAN

# ALBION INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 05132495)

*Directors:*

Friedrich Ternofsky (Chairman)  
Robin Archibald  
Mary Anne Cordeiro  
Patrick Reeve

*Registered Office:*

1 King's Arms Yard  
London  
EC2R 7AF

10 October 2013

Dear Shareholder

### **Recommended proposals for a merger with Albion Technology & General VCT PLC (AATG) by way of a scheme of reconstruction of the Company and cancellation of the listing of the Company's Shares**

The Board and the AATG Board announced on 8 August 2013 that they had agreed in principle to merge the Companies. I am pleased to advise Shareholders that discussions have now concluded and the purpose of this letter is to set out proposals for such a merger for consideration by Shareholders, which the Board believes is in the best interests of Shareholders. The merger is expected to deliver cost savings and benefits to both sets of shareholders and will, if effected, result in an Enlarged Company with net assets of over £60 million and, assuming that AATG meets its dividend objective, an increase in the annual dividend that the Company's shareholders are accustomed to receiving.

The consent of Shareholders is required to approve the Scheme, to appoint the Liquidators and authorise them to implement the Scheme under IA 1986. Shareholder consent is further required under the Listing Rules to cancel the listing of the Company's Shares on the premium segment of the Official List once the Scheme has been implemented.

### **Illustrative Terms**

As an illustration, had the merger been completed on 30 June 2013, every Share in issue would effectively have been exchanged for 0.7947 New AATG Shares (taking into account any share buybacks in the Companies between 30 June 2013 and 9 October 2013 and the dividend of 2.5 pence per AATG Share to be paid by AATG on 31 October 2013). The actual Merger Ratio will be calculated based on the relative net asset values of the Companies (adjusted for merger costs) immediately prior to the Effective Date of the merger (expected to be 15 November 2013) on the Calculation Date (this being 14 November 2013) in accordance with the merger terms set out in paragraph 4 of Part III of this Circular.

### **Background**

The Company (formerly Close Income & Growth VCT PLC) was launched in August 2004. As at 30 June 2013, the Company had unaudited net assets of £28.6 million (65.3 pence per Share) and venture capital investments in 38 companies with a carrying value of £26.3 million. The unaudited net asset value total return per Share to Shareholders as at 30 June 2013 for every £1 invested at launch is set out in the table below:

	<i>Shares</i>
Total dividends paid*	26.7 pence
Unaudited NAV	65.3 pence
Unaudited net asset value total return since launch	<u>92.0 pence</u>

\* Dividends paid per Share since launch.

AATG (formerly Close Technology & General VCT PLC) was launched in December 2000 and originally raised funds through the issue of ordinary shares. AATG subsequently raised funds through the issue of C shares in 2006. The AATG C shares were merged into the AATG ordinary shares in 2011, resulting in the AATG Shares now in issue.

As at 30 June 2013, AATG had unaudited net assets of £36.2 million (84.6 pence per AATG Share) and venture capital investments in 42 companies with a carrying value of £34.2 million. The unaudited net asset value total return per Share to AATG Shareholders as at 30 June 2013 for every £1 invested at launch is set out in the table below:

	<i>Original AATG ordinary Shares (AATG Shares)</i>	<i>Former AATG C shares**</i>
Total dividends paid*	73.5 pence	21.1 pence
Unaudited NAV	<u>84.6 pence</u>	<u>65.8 pence</u>
Unaudited net asset value total return since launch	<u>158.1 pence</u>	<u>86.9 pence</u>

\* Dividends paid per share since launch of the respective share class. In addition to the total dividends paid in the table above, the AATG Board has declared a second dividend for the current AATG financial year of 2.5 pence per share to be paid on 31 October 2013 to AATG Shareholders on the register on 4 October 2013.

\*\* The former AATG C shares were merged in the AATG Shares in 2011.

Both of the Companies have essentially the same investment policy, with the overall aim of providing investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth. As a result, the venture capital investments which are common across the Companies' respective portfolios represented approximately 92.9 per cent. of the aggregate value of the venture capital investments of the combined portfolio as at 30 June 2013 (36 out of 44 in respect of the number of venture capital investments across the combined portfolio). The Board and the AATG Board believe that the difference in performance of the Companies is largely attributable to the point in the economic cycle when investments were made.

Further details relating to AATG are set out in Part V of this document.

VCTs are required to be listed on a European Union/European Economic Area regulated market. The Companies are, therefore, listed on the premium segment of the Official List, which involves a significant level of listing costs as well as related fees to ensure they comply with all relevant legislation. A larger VCT should be better placed to spread such running costs, which have increased significantly over time across a larger asset base and, as a result, may be able to maximise investment opportunities and pay a higher level of dividends to shareholders over its life.

In September 2004, the Merger Regulations were introduced allowing VCTs to be acquired by, or merge with, each other without prejudicing the VCT tax reliefs obtained by their shareholders. A number of VCTs (including other VCTs managed by Albion) have taken advantage of these regulations to create larger VCTs for economic and administration efficiencies.

With the above in mind, the Board entered into discussions with AATG and Albion to consider a merger of the Company and AATG to create a single, larger VCT. The aim of the boards of the Companies is to create a more stable and resilient base for providing long-term returns to shareholders and to achieve benefits and reductions in the annual running costs for both sets of shareholders.

Following detailed consideration of the portfolios, the financial position of the Company and AATG and the principles on which any merger should be effected, the Board and the AATG Board have reached agreement to put proposals to their respective shareholders to merge the Companies.

Should the proposed merger be effected, the Company will not need to prepare or publish final audited accounts for the previous financial year ended 30 September 2013 or the current year to 30 September 2014 (resulting in a further cost saving for the Company). Instead the next audited accounts received by Shareholders will be for the Enlarged Company in respect of the current year to 31 December 2013 (expected to be published in March 2014), which will include the performances applicable to the respective share classes.



## The Merger

The mechanism by which the merger will be completed is as follows:

- the Company will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of IA 1986; and
- all of the assets and liabilities of the Company will be transferred to AATG in consideration for the issue of New AATG Shares (which will be issued directly to Shareholders).

The merger will be completed on a relative net asset value basis, adjusted for merger costs. The merger is conditional upon the approval by the shareholders of the Company and of AATG of resolutions to be proposed at the Meetings and at the AATG General Meeting respectively, as well as the other conditions set out in paragraph 8 of Part III of this document.

Effectively, Shareholders will be exchanging their Shares in the Company for new shares in AATG. For Shareholders who currently hold a Share certificate, the New AATG Shares will be issued in certificated form or, where Shareholders hold their Shares in uncertificated form, their CREST accounts will be credited with the holding of New AATG Shares. Shareholders who are members of the Company's dividend reinvestment scheme and/or retain dividend payment mandates in respect of their holding of Shares should note that these will be automatically transferred to the holding of New AATG Shares (unless Computershare Investor Services PLC is notified otherwise).

The merger will result in the creation of an enlarged company and should result in savings in running costs and simpler administration. As both Companies have essentially the same investment policy, investment manager and other main advisers, this is achievable without major additional cost or disruption to the Companies and their combined portfolio of investments.

The Board considers that this merger will bring a number of benefits to both groups of shareholders through:

- participation in a more substantial VCT with assets of over £60 million, resulting in a more stable and resilient base for providing long-term returns to shareholders;
- amalgamation of the Companies' portfolios, which are substantially the same, for efficient management and administration and a reduction in annual running costs for the Enlarged Company compared to the total annual running costs of the separate Companies;
- enhancing the potential for the Enlarged Company to raise new funds, as well as pay dividends and support buybacks in the future, whilst potentially increasing liquidity for shareholders; and
- consolidating the shareholdings for the substantial number of shareholders who have holdings in both Companies.

In support of the proposals, Albion has agreed, subject to the merger becoming effective, to reduce AATG's annual running costs cap from an amount equal to 3.5 per cent. of its net assets to an amount equal to 3 per cent. of the net assets of the Enlarged Company.

In addition, the changes to the VCT investment limits and size test, in particular the removal of the £1 million per annum investment limit per VCT in an investee company (effective for investments on or after 6 April 2012), reduces the need for co-investment between sister VCTs to participate in larger investments.

Normal annual running costs for the Company and AATG are approximately £928,000 and £1,116,000 respectively (£2,044,000 in aggregate). Normal running costs means the annual expenses incurred in the ordinary course of business including investment management and administration fees, directors' remuneration, listing fees and normal fees payable to service providers. It does not include exceptional items, for example merger costs or performance fees if earned. These annual costs represent 3.2 per cent. of the Company's unaudited net assets and 3.1 per cent. of AATG's unaudited net assets, in each case as at 30 June 2013.

The aggregate anticipated cost of undertaking the merger is approximately £325,000, including VAT, legal and professional fees, stamp duty and the costs of winding up the Company. The costs of the merger will be split proportionately between the Company and AATG by reference to their respective merger net assets at the Calculation Date (ignoring merger costs).

On the assumption that the net assets of the Enlarged Company will remain the same immediately after the merger, annual cost savings for the Enlarged Company are estimated to be approximately £182,000 per annum (this represents a saving of £83,000 in respect of directors' fees, £62,000 for registrars, auditors and tax compliance fees, with the balance of the savings being made up of regulatory fees, insurance and printing costs and general day-to-day expenses). The expected annual cost saving of £182,000 would represent 0.3 per cent. of the expected net assets of the Enlarged Company. On this basis, and assuming that no new funds are raised or investments realised to meet annual costs, the Board believes that the costs of the merger would be recovered within 22 months.

The Board believes that the Scheme provides an efficient way of merging the Companies with a lower level of costs compared with other merger routes. Although either of the Companies could have acquired all of the assets and liabilities of the other, AATG was selected as the acquirer because of its larger size, which would result in a lower amount of stamp duty compared with the Company being the acquiring VCT. The merger by way of the Scheme will be outside the provisions of the City Code on Takeovers and Mergers.

As is required by CA 2006, prior to the allotment of the New AATG Shares pursuant to the Scheme, AATG will be posting to Shareholders at their registered addresses and uploading on to its website a valuation report which will be prepared by Scott-Moncrieff. This report will confirm to AATG that the value of the Company's assets and liabilities which are being transferred to AATG as part of the Scheme is not less than the aggregate amount treated as being paid up on the New AATG Shares being issued to Shareholders.

The portfolio of assets which will be transferred from the Company to AATG as part of the Scheme are all considered to be in line with the AATG's investment policy, particularly as the Company only holds shares in two companies in which AATG has not made an investment. The extent of the liabilities (if any) which will be transferred from the Company to AATG as part of the merger will be those which are incurred in the ordinary course of business, together with the merger costs which remain unpaid at the time of transfer. Any such liabilities are expected to be nominal in comparison to the value of the assets being acquired.

Shareholders who do not vote in favour of the resolution to be proposed at the First General Meeting are entitled to dissent and have their shareholding in the Company purchased by the Liquidators at the break value price of the Shares. The break value price is expected to be at a significant reduction to the net asset value of a Share. In addition, Shareholders should note that a purchase of Shares by the Liquidators will be regarded as a disposal of the Shares for HMRC purposes, thereby triggering clawback of any up-front income tax relief received on the original subscription if the Shares have not been held for the requisite holding period to maintain such relief. If the conditions of the Scheme are not satisfied, the Company will continue in its current form. The conditions of the Scheme are set out on pages 18 and 19 of Part III of this document.

Further information regarding the terms of the Scheme is set out in Part III of this document.

### **AATG's Board**

The AATG Board has four non-executive directors: Dr Neil Cross (Chairman), Lt Gen Sir Edmund Burton, Modwenna Rees-Mogg and Patrick Reeve.

The AATG Board and the Board have considered what the size and future composition of the Enlarged Company's board should be following the merger and it has been agreed that to facilitate the merger Lt Gen Sir Edmund Burton will step down as a director of AATG and that Robin Archibald and Mary Anne Cordeiro (directors of the Company) will be appointed as directors of AATG. Albion has agreed, subject to the merger becoming effective, that no fees will be charged going forward for the services of Patrick Reeve as a director of the Enlarged Company. The rest of the AATG Board will, subject to AATG Shareholder approval, each be paid £19,000 per annum from the Effective Date of the merger (subject to the merger becoming effective), recognising that neither board has increased their remuneration since launch of their respective company. This will result in reducing the aggregate number of directors from seven across both Companies to five for the Enlarged Company, of which only four will be paid, with an aggregate annual cost saving of approximately £83,000 (inclusive of National Insurance and VAT).

On the assumption that the merger is approved, this will be my last Chairman's letter to Shareholders and the Board would like to take the opportunity to thank all Shareholders for their continued support and to wish Robin Archibald and Mary Anne Cordeiro well in their new appointments to the AATG Board.

## **Dividends**

It is not proposed that the Company will pay any further dividends to Shareholders prior to the merger.

The dividend objective of the AATG Board is to provide shareholders with a strong, predictable dividend flow, with a dividend target of 5 pence per year.

The Company has historically paid dividends at the end of January and June, while AATG has historically paid dividends at the end of April and October. Assuming completion of the merger, the AATG Board intends to pay quarterly dividends at the end of January, April, June and October, while targeting a similar annual level of dividend to that currently paid by AATG. On that basis, the objective will be to pay four dividends per annum of 1.25 pence per AATG Share (including the New AATG Shares). Should AATG meet its dividend objective, therefore, Shareholders will receive a higher level of annual dividend than has been the case to date with the Company.

## **AATG Buybacks**

The AATG Board has adopted the same buyback policy as the Board, such that it is the AATG Board's intention for buybacks to be in the region of a 5 per cent. discount to net asset value (so far as market conditions and liquidity permit, having appropriate authorities from AATG Shareholders and as is permissible under the Listing Rules and any applicable law at the relevant time).

## **AATG Fees and Termination Arrangements**

### ***Annual investment management and administration arrangements***

Albion is the investment manager of the Company and of AATG and also provides administration services to both Companies. Albion's appointment is terminable on 12 months' notice.

In respect of the Company, Albion is entitled to an annual fee for investment management and administration services of an amount equal to 2.5 per cent. of the net assets of the Company (plus VAT, if any). The normal annual running costs of the Company (including investment management and administration fees due to Albion, directors' remuneration, registrars' fees, stockbrokers' fees, company secretarial fees, fees of the Company's auditors and irrecoverable VAT, but excluding exceptional items and performance incentive fees) are capped at an amount equal to 3.5 per cent. of the net assets of the Company, with any excess being paid by Albion or refunded by a reduction in Albion's management and administration fee.

In respect of AATG, equivalent arrangements apply in respect of annual investment and administration fees and an annual expenses cap.

Albion is also entitled to performance incentive fees, subject to certain criteria being met in respect of the both AATG and the Company as detailed below.

Albion will continue to provide annual investment management and administration services to the Enlarged Company following the merger on the same basis as is currently in place with the AATG, save that, Albion has agreed, subject to the merger becoming effective, to reduce the annual running costs cap to an amount equal to 3 per cent. of the net assets of the Enlarged Company.

### ***Performance incentive arrangements***

The boards of both Companies believe that an effective management performance incentive is in the interests of shareholders. The Companies' current incentives were designed at the time of their respective original launches and, due to their high hurdle rate, are now markedly out of line with the market. In particular, they did not take into account the way in which VCTs are structured, including their need to hold cash.

The AATG Board has reviewed its management performance incentive arrangements in light of the proposed merger, VCT market practice and performance to date, and proposes, subject to the approval of AATG Shareholders, to introduce a revised arrangement, which both reduces the hurdle and reduces the proportion of the excess performance that is payable to Albion. In their review, the AATG Board took account of Albion's agreement to reduce the annual running costs cap to an amount equal to 3 per cent. of the net assets of the Enlarged Company, from the current cap of 3.5 per cent. of net assets. The Board has reviewed the

AATG Board's proposals, as further detailed below, and considers them to be appropriate for the Enlarged Company.

The overriding principle of the new arrangements, which the AATG Board believes should continue, is that the starting point from which performance is measured should be the 100 pence per share at which investors subscribed under the original offers for subscription for each class of share in AATG and, if the merger is effected, the Company. However, the new performance incentive arrangements vary from the existing arrangements in three material respects: they will reduce the proportion of any outperformance above the performance hurdle that would be payable to Albion; they introduce a new performance hurdle; and they will apply a new method of fee calculation to take account of the different initial subscription dates and the net asset values of the two Companies.

Assuming the proposed merger is effected, the AATG Shares will be represented by three separate share class launches, each subscribed in a different year. The performance hurdle under the revised performance incentive arrangement will, therefore, be applied against the capital of the Enlarged Company in proportion to the unaudited net assets immediately following the merger attributable to each class originally raised and will be measured against the total return (NAV plus dividends paid) applicable to each of those original share classes.

It is proposed that (i) the amount of the performance incentive fees be reduced, from 20 per cent. currently, to 15 per cent. of the amount by which the net asset value and aggregate dividends exceed 100 pence per share as increased by the hurdle and (ii) the hurdle be amended to RPI plus 2 per cent. per annum (uncompounded) from the date of first admission to the Official List of the relevant class of share. Any such amount would be reduced by previous performance incentive fees paid.

The AATG Board considers that a return based on RPI is a more relevant measure for a long-term savings product such as a VCT investment in a potentially inflation-prone environment, whereas the current 8 per cent. hurdle is typically used by larger unquoted private equity funds which do not hold uninvested cash and which do not incur the costs associated with being a listed company. In recommending this change, however, the AATG Board felt it was also appropriate to reduce the overall proportion of the excess performance that could be paid by AATG to Albion.

The aim of the proposed revised performance incentive arrangement for AATG is to adjust the hurdle to a more realistic level and one which is more consistent with VCT market practice, whilst still retaining the principle that Albion should only be rewarded if shareholders have experienced satisfactory returns since launch. Importantly, investment performance would still have to improve by some considerable margin before any fees would be paid. This reflects the confidence of the AATG Board and Albion in the longer term prospects for the portfolio of AATG or, as the case may be, the Enlarged Company.

Should AATG Shareholders not approve the revised arrangements, AATG will continue under the existing performance incentive arrangement, with the existing arrangement applying across the enlarged share capital of the Enlarged Company if the merger is effected.

### **Example**

Based on the unaudited net asset values of AATG and the Company as at 30 June 2013, the proportion of capital in the Enlarged Company (i.e. assuming the merger is effected) to be allocated against each original share class performance hurdle would be as set out below:

<i>Share class</i>	<i>First admission to the Official List</i>	<i>Share class merger percentage of net assets (%)*</i>	<i>Unaudited net asset value as at 30 June 2013 (£million)</i>	<i>Illustrative proportion of Enlarged Company (%)**</i>
Original AATG ordinary shares	2001	32.9	£11.9	18.4
Former AATG C shares	2006	67.1	£24.3	37.5
		100.0	£36.2	55.9
AAIG Shares	2004		£28.6	44.1
Total			£64.8	100.0

\* The net assets of AATG attributable to the original AATG ordinary shares and the former AATG C shares will be split by reference to the percentage of net assets each share class represented at the time they were merged.

\*\* The percentage of net assets each share class represents in the Enlarged Company will be determined by reference to the unaudited net assets immediately following the merger (and will not be adjusted for AATG Shares issued pursuant to top up offers or the dividend reinvestment scheme).

The following table shows the actual return (unaudited) to 30 June 2013 for each fundraising, compared to the proposed and existing hurdles:

	<i>Current unaudited total return as at 30 June 2013 (pence)</i>	<i>Proposed hurdle as at 30 June 2013 (pence)</i>	<i>Existing hurdle as at 30 June 2013 (pence)</i>
Original AATG ordinary shares (AATG Shares)	158.1	170.9	200.0
Former AATG C shares*	86.9	144.1	160.0
AAIG Shares**	92.0	149.9	196.2

\* The former AATG C shares merged with the AATG Shares on the basis of 0.7779 AATG Shares per former AATG C share. The former AATG C share total return comprises NAV per AATG Share and dividends paid per AATG Share after the merger of the two share classes, both multiplied by 0.7779, together with dividends paid per former AATG C share prior to that merger.

\*\* The total return per AAIG Share, assuming the merger is effected, will be measured on the same principles as the former AATG C shares, using the Merger Ratio at the Effective Date.

Any performance incentive fees payable would be calculated based against the proposed hurdles and in respect of the relevant proportion of the Enlarged Company for each original share class.

This can be illustrated as follows, assuming an actual total return (NAV plus dividends) of 20 pence per AATG Share higher than set out above (equivalent to 15.6 pence per former AATG C share, based on the former AATG C Share conversion rate of 0.7779, and 15.9 pence per AAIG Share, based on the illustrative Merger Ratio of 0.7947):

	<i>Illustrative total return (pence)</i>	<i>Proposed hurdle (pence)</i>	<i>Excess return (pence)</i>	<i>15% of excess return (pence)</i>	<i>Proportion of Enlarged Company (%)</i>	<i>Resulting fee per share (pence)</i>
Original AATG ordinary shares (AATG Shares)	178.1	170.9	7.2	1.1	18.4	0.2
Former AATG C shares	102.5	144.1	N/A	N/A	37.5	N/A
AAIG Shares	107.4	149.9	N/A	N/A	44.1	N/A

The resulting performance fee would have been approximately 0.2 pence per AATG Share (being 15 per cent. of the excess return multiplied by 18.4 per cent., being the relevant proportion of the Enlarged Company). Based on the current number of AATG shares and the illustrative number of New AATG Shares, the performance fee payable, before deducting performance fees already paid, would have amounted to approximately £153,000. Previous performance incentive fees paid have amounted to approximately £63,500 in aggregate (in respect of historic outperformance of the original AATG ordinary shares).

The AATG Board and the Board are of the opinion that the revised performance incentive arrangement with Albion is appropriate for the Enlarged Company going forward. If the revised arrangements are not approved by AATG Shareholders, the existing arrangements will continue to apply, with the arrangements applying across the enlarged share capital of the Enlarged Company.

### ***Termination arrangements for the Company***

Albion has, subject to the Scheme becoming effective, agreed to terminate the investment management, administration and performance incentive arrangements with the Company with effect from the Effective Date without notice or penalty as Albion will also continue to provide its services to the Enlarged Company.

Computershare Investor Services PLC (the Company's registrar) has (subject to the Scheme becoming effective) also agreed to terminate its existing arrangement with effect from the Effective Date without notice or penalty as Computershare will also continue to provide its services to the Enlarged Company.

The Directors (and Albion) have (subject to the Scheme becoming effective) agreed to waive all future directors' fees in respect of their appointments to the Company from the Effective Date.

In light of the above, no termination payments are expected to be made by the Company to any of its Directors or advisers pursuant to the merger.

### **Cancellation of Listing**

The Company will, subject to Shareholder approval, apply to the UKLA for cancellation of the listing of its Shares, upon the successful completion of the Scheme, which is anticipated to be on 15 November 2013.

### **Taxation**

The following paragraphs and Part VI of this document apply to persons holding Shares (or, as the case may be, New AATG Shares) as an investment in the Company (and subsequently in AATG) who are the absolute beneficial owners of such Shares (or, as the case may be, New AATG Shares) and are resident in the UK. They may not apply to certain classes of persons such as dealers in securities. The following information, and that contained in Part VI of this document, is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. Shareholders in any doubt about their position, or who might be subject to tax in a jurisdiction other than the UK, should consult their independent financial adviser.

As is more fully explained in Part VI of this document, the receipt by Shareholders of New AATG Shares should not constitute a disposal of their Shares for UK capital gains tax purposes. Shareholders should, for UK tax purposes, effectively be able to treat the New AATG Shares received pursuant to the Scheme as if they had been acquired at the same date and at the same price as the original Shares. Any up-front income tax relief attaching to the original Shares will then attach to the New AATG Shares. As AATG is also a VCT, the usual VCT tax reliefs should continue to apply.

As mentioned above, however, if a Shareholder dissents and has his or her Shares purchased by the Liquidators, this will be regarded as a disposal of the Shares for HMRC purposes, thereby triggering clawback of any up-front income tax relief obtained on subscription if Shares have not been held for the requisite five year holding period to maintain such relief.

Further details as to the taxation consequences for Shareholders are detailed in Part VI of this document. Shareholders should note that clearances from HMRC have been obtained as is more particularly described in Part VI of this document.



## **Meetings**

Notices of the Meetings are set out at the end of this document as follows:

- the First General Meeting will be held at The City of London Club, 19 Old Broad Street, London EC2N 1DS at 11.30 a.m. on 4 November 2013; and
- the Second General Meeting will be held at 1 King's Arms Yard, London EC2R 7AF at 10.00 a.m. on 15 November 2013.

The resolutions to be proposed at the First General Meeting and Second General Meeting will be proposed as special resolutions. All resolutions will require the approval of at least 75 per cent. of the votes cast on that resolution at the relevant meeting.

### **First General Meeting**

The resolution to be proposed at the First General Meeting will seek Shareholder approval for the Scheme and authorise its implementation by the Liquidators.

### **Second General Meeting**

The resolution to be proposed at the Second General Meeting will seek the following:

Paragraph (i) of the resolution will seek approval to put the Company into members' voluntary liquidation and appoint and remunerate the Liquidators for the purposes of such winding-up.

Paragraph (ii) of the resolution will seek approval to authorise the Liquidators to exercise certain powers for which the express sanction of Shareholders is required under the IA 1986, such as paying classes of creditors in full.

Paragraph (iii) of the resolution will seek approval to approve the cancellation of the listing of the Company's Shares following the successful completion of the Scheme.

### **Action to be Taken**

Before taking any action, you are recommended to read the further information set out in this document.

Shareholders will find enclosed with this document forms of proxy for use at the Meetings. Whether or not you propose to attend the Meetings, you are requested to complete and return the forms of proxy attached so as to be received by 5.30 p.m. on 30 October 2013 for the First General Meeting and by 10.00 a.m. on 13 November 2013 for the Second General Meeting. Completion and return of the forms of proxy will not prevent a Shareholder from attending and voting in person at the relevant meeting should a Shareholder wish to do so.

### **Recommendation**

The Board is of the opinion that the Proposals are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions to be proposed at the Meetings as they intend to do in respect of their own holdings of 272,524 Shares representing approximately 0.63 per cent. of the total voting rights of the Company.

Yours faithfully

**Friedrich Ternofsky**

*Chairman*

## PART III

### THE SCHEME

#### 1. Definitions and Interpretation

The definitions set out in Part I of this document shall have the same meanings when used in the context of this Part III.

On or immediately prior to the Effective Date, Albion (on the instruction of the Liquidators) shall calculate the Roll-Over Value and the Merger Value in accordance with paragraph 4 below.

#### 2. Provision of Information

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of the Company and shall deliver to AATG:

- particulars of all of the assets and liabilities of the Company;
- a list certified by the registrars of the names and addresses of, and the number of Shares held by, each Shareholder on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of the Company; and
- the amount estimated to be required to purchase the holdings of any dissenting Shareholders (if any).

#### 3. Transfer Agreement

On the Effective Date, AATG and the Liquidators (on behalf of the Company) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of the Company to AATG in exchange for the issue of New AATG Shares (credited as fully paid up) to Shareholders on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of the Company to AATG, AATG will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of the Company and the purchase for cash of any holdings of dissenting Shareholders.

#### 4. Calculations

Except as otherwise provided for in the Scheme terms, for the purposes of calculating the Roll-Over Value, the Merger Value and the number of New AATG Shares to be issued, the following provisions will apply:

##### **Company Roll-Over Value**

The Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

A = the unaudited net assets of the Company as at the Calculation Date (taken from the unaudited management accounts of the Company to that date), plus any adjustment that both the Board and the AATG Board consider appropriate to reflect any other actual or contingent benefit or liability of the Company;

B = the Company's pro rata proportion (by reference to the relative aggregate Roll-Over Value of all the Shares and the aggregate Merger Value of all AATG Shares, but ignoring merger costs), of the costs of the merger plus £10,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to the Company incurred by AATG, which will indemnify the Liquidators in respect of all of the costs of the Company following the transfer on the Effective Date);



- C = the amount estimated to be required to purchase the holdings of Shares from dissenting Shareholders (if any); and
- D = the number of Shares in issue as at close of business on the Record Date (save for any Shares held by dissenting Shareholders).

### **AATG Merger Value**

The Merger Value will be calculated as follows:

$$\frac{E - F}{G}$$

where:

- E = the unaudited net assets of AATG as at the Calculation Date (taken from the unaudited management accounts of AATG to that date), plus any adjustment that both the Board and the AATG Board considers appropriate to reflect any other actual or contingent benefit or liability of AATG;
- F = AATG's pro rata proportion (by reference to the relative aggregate Roll-Over Value of all the Shares and the aggregate Merger Value of all AATG Shares, but ignoring merger costs) of the costs of the merger; and
- G = the number of AATG Shares (ignoring any AATG Shares held in treasury) in issue as at close of business on the Record Date.

### **New AATG Shares to be issued to Shareholders**

The number of New AATG Shares to be issued to Shareholders (save for any dissenting Shareholders) will be calculated as follows:

$$\left(\frac{H}{I}\right) \times J$$

where:

- H = Company Roll-Over Value;
- I = AATG Merger Value; and
- J = the number of Shares in issue as at close of business on the Record Date (save for any Shares held by dissenting Shareholders).

The number of New AATG Shares to be issued pursuant to the Scheme will not be greater than 45 million and will be issued directly to Shareholders pro-rata to their existing holdings (disregarding Shares held by dissenting Shareholders) on the instruction of the Liquidators by applying the Merger Ratio to Shareholders' holdings.

The Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number. Any fractional entitlements in respect of each holding (which, in each case, will not exceed £1) will be sold and the proceeds retained for the benefit of the Enlarged Company.

### **Share Certificates, Mandates and Listing**

Where Shareholders hold their Shares in certificated form, they will receive a new certificate for the New AATG Shares issued and where Shareholders hold their Shares in uncertificated form, their CREST accounts will be credited with the new holding in New AATG Shares.

Shareholders who are members of the dividend reinvestment scheme for the Company will, unless a Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred into the dividend reinvestment scheme operated by AATG in respect of the New AATG Shares issued pursuant to the Scheme. In addition, dividend payment mandates provided for Shares will, unless a Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to AATG.

An application has been made to the UKLA for the New AATG Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New AATG Shares to be admitted to trading on its market for listed securities. The New AATG Shares will rank *pari passu* with the existing issued AATG Shares from the date of issue.

### **Scheme Illustration**

As at 30 June 2013, the unaudited NAV of a Share (taken from the Company's unaudited management accounts to that date) was 65.3 pence. The Roll-Over Value of a Share (had the merger been completed on that date and calculated in accordance with this paragraph 4, but adjusted for share buybacks by the Company between 30 June 2013 and 9 October 2013) would have been 64.97 pence (assuming no dissenting Shareholders).

As at 30 June 2013, the unaudited NAV per AATG Share (taken from the AATG Half-Yearly Report) was 84.6 pence. The Merger Value of an AATG Share (had the merger been completed on that date and calculated in accordance with this paragraph 4, but adjusted for share buybacks by AATG between 30 June 2013 and 9 October 2013 and the dividend of 2.5 pence per AATG Share to be paid on 31 October) would have been 81.75 pence.

The number of New AATG Shares that would have been issued to Shareholders (had the merger been completed on 30 June 2013 and calculated in accordance with this paragraph 4 (on the basis of the above Roll-Over Value and Merger Value) is 34,241,418 (0.7947 New AATG Shares for every Share held). The New AATG Shares would have been issued to all Shareholders pro rata to their holdings in the Company (assuming no dissenting Shareholders). This ignores the Shares and the AATG Shares held in treasury to which no value is attributed and, in respect of the Shares held in treasury, which will be cancelled prior to the Effective Date.

### **5. Modifications**

The provisions of the Scheme shall have effect subject to such non-material modifications or additions, which may include changes to the timetable and such modifications as may be required to deal with shareholders in overseas jurisdictions as the parties to the Transfer Agreement may from time to time approve in writing.

### **6. Reliance on Information**

The Liquidators and AATG shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, AATG, the Board, the AATG Board, any individual director of the Company or AATG, Albion, the registrar or the custodians or bankers of the Company and AATG or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

### **7. Liquidators' Liability**

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme or the Transfer Agreement.

### **8. Conditions**

The Scheme is conditional upon:

- the passing of resolution 1 to be proposed at the AATG Meeting; and
- the passing of each of the resolutions to be proposed at the Meetings; and

- notice of dissent not having been received from Shareholders holding more than 10 per cent. in nominal value of the Company's issued share capital under section 111 of IA 1986 (this condition may be waived by the Board).

Subject to the above, the Scheme shall become effective immediately after the passing of the special resolution for the winding up of the Company to be proposed at the Second General Meeting. If it becomes effective, the Scheme shall be binding on all Shareholders and AATG Shareholders and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 31 December 2013, the Scheme shall not become effective and the Company will continue in its current form.

## **9. Dissenting Shareholders**

Provided that a Shareholder does not vote in favour of the resolution to be proposed at the First General Meeting, such Shareholder may, within seven days following the First General Meeting, express his/her dissent to the Liquidators in writing at the registered office of the Company and require the Liquidators to purchase that Shareholder's holding in the Company.

The Liquidators will offer to purchase the holdings of dissenting Shareholders at the break value price of a Share, this being an estimate of the amount a Shareholder would receive per Share in an ordinary winding-up of the Company if all of the assets of the Company had to be realised. The break value of a Share is expected to be significantly below the unaudited net asset value per Share due to the nature of the underlying assets.

Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering clawback of any up-front income tax relief received on the original subscription if the Shares have not been held for the requisite holding period to maintain such relief. Further details on the taxation consequences for Shareholders are set out in Part VI of this document.

## **10. Governing Law**

The Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

## PART IV

### RISK FACTORS

**Shareholders and prospective Shareholders (or, as the case may be, AATG Shareholders) should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's (or, as the case may be, AATG's) business, financial condition or results of operations. The risks and uncertainties described below (such as changes in legal, regulatory or tax requirements) are not the only ones the Company (or, as the case may be, AATG), or the Shareholders (or, as the case may be, AATG Shareholders) will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's (or, as the case may be, AATG's) business, financial condition or results of operations. The value of the Shares (or, as the case may be, AATG Shares) could decline due to any of the risk factors described below and Shareholders (or, as the case may be, AATG Shareholders) could lose part or all of their investment. Shareholders and prospective Shareholders (or, as the case may be, AATG Shareholders) should consult an independent financial adviser authorised under FSMA. References to AATG should be taken as including the Enlarged Company.**

#### **Scheme Related Risk Factors**

Completion of the Scheme is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. If the merger is not approved and effected, the benefits of the merger will not be realised and the costs incurred to put forward the merger proposals to Shareholders and AATG shareholders will be split proportionately between the Company and AATG by reference to their respective net assets (ignoring merger costs).

Holders of AATG Shares (existing or as may be issued pursuant to the Scheme) may be adversely affected by the performance of the investments, whether acquired from the Company or made by AATG. The performance of the investments acquired from the Company, as well as the investments of AATG, may restrict the ability of AATG following the merger to distribute any capital gains and revenue received on the investments transferred from the Company to AATG (as well as the investments of AATG). Any gains (or losses) made on the investments of AATG will, following the Scheme, be shared amongst all AATG Shareholders pro rata to their number of AATG Shares held.

Shareholders may be adversely affected by a change in the VCT status of AATG if a number of the investments acquired from the Company or the investments of AATG, are, or become, unable to meet VCT requirements.

#### **Enlarged Company risk factors**

The value of shares in the Enlarged Company, and the income from them, can fluctuate and shareholders in the Enlarged Company may not get back the amount they invested. In addition, there is no certainty that the market price of shares in the Enlarged Company will fully reflect their underlying NAV nor that any dividends will be paid.

Although the existing AATG Shares have been (and it is anticipated that the New AATG Shares in the Enlarged Company to be issued pursuant to the Scheme will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and shareholders in the Enlarged Company may find it difficult to realise their investment. Shareholders in the Enlarged Company should not rely upon any share buyback policy to offer any certainty of selling their shares at prices that reflect the underlying NAV. An investment in the Enlarged Company should, therefore, be considered as a long-term investment.

There is no guarantee that the Enlarged Company will meet its objectives. The past performance of the Company and/or AATG and/or other funds managed by Albion is no indication of future performance of the Enlarged Company. The return received by shareholders in the Enlarged Company will be dependent on the performance of the underlying investments. The value of such investments, and the interest income and dividends therefrom, may rise or fall and shareholders in the Enlarged Company may not get back the full amount invested when sold.

Although the Enlarged Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.

AATG's investments are and the Enlarged Company's will generally be in companies whose securities are not publicly traded or freely marketed and may, therefore, be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Enlarged Company.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Enlarged Company invests, to be fully reflected in their market values and their market values can fluctuate and are often also materially affected by general market sentiment, which can be negative for prolonged periods.

Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List which could result in the value of such investment, and interest income and dividends therefrom, reducing. In particular, small companies often have limited financial resources and their management may be dependent on a small number of key individuals and may not produce the hoped-for returns. In addition, the market in smaller companies is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such companies. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

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 Enlarged Company over an asset will not always provide full capital protection for an investment. The Enlarged Company may not, therefore, recover the full amount invested in any one investee company.

Whilst it is the intention of the AATG Board that the Enlarged Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in the shareholders in the Enlarged Company losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Enlarged Company lose its VCT status, dividends and gains arising on the disposal of shares in the Enlarged Company would become subject to tax and the Enlarged Company would also lose its exemption from corporation tax on its capital gains.

Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Enlarged Company and/or the performance of the Enlarged Company and the value of and returns from shares in the Enlarged Company and/or their ability to achieve or maintain VCT status.

If a shareholder disposes of his or her shares in the Enlarged Company within five years of issue, he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed. For these purposes, the date of issue of the AATG Shares in the Enlarged Company resulting from the Scheme will be the original applicable date of issue of the Shares. Any realised losses on the disposal of shares in the Enlarged Company cannot be used to create an allowable loss for capital gains tax purposes.

If an AATG Shareholder disposes of his or her AATG Shares, he or she will be liable to pay any capital gains tax in respect of which such AATG Shareholder obtained deferral relief on subscription.

If at any time VCT status is lost for the Enlarged Company, dealings in its shares will normally be suspended until such time as proposals to continue as a VCT or to be wound up have been announced.

The tax rules, or their interpretation, in relation to an investment in the Enlarged Company and/or the rates of tax may change during the life of the Enlarged Company and may apply retrospectively which may affect tax reliefs obtained by shareholders in the Enlarged Company and the VCT status of the Enlarged Company.

Any purchaser of existing shares in the Enlarged Company in the secondary market will not qualify for any tax reliefs afforded solely to subscribers of new VCT shares, although dividends on those shares will not be liable to income tax (subject to a maximum value of £200,000 of VCT shares being acquired in any tax year).

## **PART V**

### **ALBION TECHNOLOGY & GENERAL VCT PLC**

#### **1. Constitution and Status**

AATG was launched in 2000 as a public limited company listed on the Official List.

AATG has met the requirement for VCTs pursuant to Chapter 3 of Part 6 ITA 2007 and intends to carry on its activities so as to continue qualifying as a VCT.

#### **2. Directors**

The directors of AATG are Dr Neil Cross (Chairman), Lt Gen Sir Edmund Burton, Modwenna Rees-Mogg and Patrick Reeve.

It has been agreed that, following the merger, Lt Gen Sir Edmund Burton will step down as a director of AATG and Robin Archibald and Mary Anne Cordeiro (directors of the Company) will be appointed as directors of AATG.

Biographies for the directors and proposed directors of AATG can be found in Part II of the AATG Prospectus which accompanies this document (other than in respect of Shareholders with a registered address in an overseas jurisdiction).

#### **3. Investment Manager**

The investment manager of AATG is Albion, the same investment manager as for the Company. Albion is an investment manager with substantial experience in identifying, investing in, monitoring and subsequently exiting from companies of the size and type qualifying for VCT investment. Albion currently manages seven VCTs (including the Companies) with approximately £230 million under management.

Further details relating to Albion are set out in Part III of the AATG Prospectus.

#### **4. Investment Policy**

AATG's investment policy is essentially the same as the Company.

The AATG's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth through allowing investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. It is intended that AATG's investment portfolio will be split approximately as follows:

- 40 per cent. in unquoted UK technology related companies; and
- 60 per cent. in unquoted UK non-technology companies.

This split is subject to the availability of good quality new investment opportunities arising within the UK technology and non-technology sectors.

In neither of the categories listed above would portfolio companies normally have any external borrowing with a charge ranking ahead of AATG. Up to two-thirds of investments (by cost) will comprise loan stock secured with a first charge on the portfolio company's assets.

The full investment policy for AATG is set out in Part II of the AATG Prospectus.

#### **5. Investments and Net Asset Value**

As at 30 June 2013, AATG had unaudited net assets of £36.2 million (84.6 pence per AATG Share) and, in aggregate, venture capital investments in 42 companies with a carrying value of £34.2 million.



The two Companies have essentially the same investment policy and, as a result, the venture capital investments which are common across the Companies' respective portfolios represented approximately 92.9 per cent. of the aggregate venture capital investments of the combined portfolio as at 30 June 2013 (36 out of 44 in respect of the number of venture capital investments across the combined portfolio).

## **6. Dividend Policy**

The dividend objective of the AATG Board is to provide AATG Shareholders with a strong, predictable dividend flow, with a dividend target of 5 pence per year.

The AATG Board has declared a second dividend for the current year of 2.5 pence per AATG Share to be paid on 31 October 2013 to AATG Shareholders on the register on 4 October 2013. As the Effective Date of the merger will be after the record date for this dividend, the New AATG Shares to be issued to Shareholders will not receive this dividend but thereafter will rank *pari passu* with existing AATG Shares.

AATG has historically paid dividends at the end of April and October, while the Company has historically paid dividends at the end of January and June. Assuming completion of the merger, the AATG Board intends to pay quarterly dividends at the end of January, April, June and October, while targeting a similar annual level of dividend to that currently paid by AATG.

## **7. Shares**

AATG's share capital comprises ordinary shares of 1 penny each, of which 46,590,713 are currently in issue and 4,341,070 of which are held in treasury (as at 9 October 2013).

The AATG Board is considering launching a fundraising later in the year, which would be similar to recent top-up offers undertaken by AATG and limited to a maximum of 10 per cent. of the then issued AATG Shares. AATG Shares would be offered at a price linked to the prevailing net asset value per AATG Share, plus costs.

## **8. Buyback Policy**

It remains the AATG Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to AATG Shareholders. The AATG Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in AATG's interest. It is the AATG Board's intention for such buybacks to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit (which is similar to the Board's existing policy for the Company's Shares).

Share buybacks will be subject to having appropriate authorities from AATG Shareholders, the Listing Rules and any applicable law at the relevant time. AATG Shares may be bought back into treasury or cancelled at the AATG Board's discretion.

## **9. Annual Expenses and Management Fees**

In respect of AATG, Albion is entitled to an annual fee for investment management and administration services of an amount equal to 2.5 per cent. of the net assets of AATG (plus VAT, if any). The normal annual running costs of AATG (including investment management and administration fees due to Albion, directors' remuneration, registrars' fees, stockbrokers' fees, company secretarial fees, fees of the AATG's auditors and irrecoverable VAT, but excluding exceptional items and performance incentive fees) are capped at an amount equal to 3.5 per cent. of the net assets of AATG, with any excess being paid by Albion or refunded by a reduction in Albion's management and administration fee.

Albion is also entitled to performance incentive fees equal to 20 per cent. of the amount by which the net asset value and aggregate dividends paid (total return) exceed 100 pence per share as increased by 8 pence per annum since the date of first allotment of the original AATG ordinary shares and former AATG C shares, less any performance fees already paid. Fees under the arrangement (if any) are assessed and paid annually by reference to the end date of a financial period and in respect of each share in issue on that date.



Although the former AATG C shares were merged into the original AATG ordinary shares to form one class of share (these being the AATG Shares) in 2011, it has been agreed that the original AATG C share hurdle is applied to the proportion of the capital which the former AATG C shares represented at the time the two share classes merged (this being 67.1 per cent. of the enlarged capital of AATG at that time). The AATG C share total return is measured by aggregating the dividends paid per former AATG C share with the NAV and dividends paid per AATG Share after the merger of the share classes, adjusted to reflect the number of AATG Shares issued per former AATG C share (this being 0.7779). These fees, if applicable, will be paid annually.

Albion will continue to provide investment management and administration services to the Enlarged Company following the merger on the same basis as is currently in place with AATG, save that, Albion has agreed, subject to the merger becoming effective, to reduce the annual running costs cap to an amount equivalent to 3 per cent. of the net assets of the Enlarged Company and, subject to AATG Shareholder approval, to amend the existing performance incentive arrangement as detailed in Part II of this document.

If the revised arrangements are not approved by the AATG Shareholders, the existing arrangements in AATG will continue to apply, with the arrangement applying, if the merger is effected, across the enlarged share capital of the Enlarged Company.

#### **10. Accounts and Auditors**

The accounting reference date of AATG is 31 December and annual accounts are usually dispatched in March each year with half-yearly accounts for the six month period to 30 June being usually dispatched in August each year. The auditors of AATG are BDO LLP.

#### **11. Publication of Share Price**

The NAV of an AATG Share is calculated quarterly and published on an appropriate Regulatory Information Service. The most recent unaudited NAV and share price of an AATG Share are available on the website of the London Stock Exchange.

#### **12. Taxation**

As a VCT, AATG is not subject to UK taxation on capital gains on the disposals of its investments. AATG will, however, be subject to UK taxation on income at the applicable rates.

Qualifying AATG Shareholders will not be liable to UK taxation on dividends paid on AATG Shares or capital gains on the disposals of such shares (although such disposal will trigger the payment of any capital gains tax deferred on subscription).

## **PART VI**

### **TAXATION**

The following paragraphs apply to the Company and to persons holding Shares (or, as the case may be, New AATG Shares) as an investment in the Company (and subsequently in AATG) who are the absolute beneficial owners of such Shares (or, as the case may be, New AATG Shares) and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The tax reliefs set out below are available to individuals aged 18 or over who receive New AATG Shares under the Scheme.

#### **1. The Company**

The Company has obtained provisional approval as a VCT under Chapter 3 of Part 6 of ITA 2007.

The Board considers that the Company has to date conducted its affairs and will continue to do so, to enable it to fully qualify as a VCT for the period ending on the date on which the proposed liquidation is completed. Furthermore, the proposed method of winding up the Company is such that the benefit of VCT status should be available to the Liquidators, to the extent that the Liquidators effect disposals of chargeable assets for the purpose of UK taxation of capital gains to implement the Scheme.

#### **2. Receipt by Shareholders of New AATG Shares under the Scheme**

The effective exchange of existing Shares in the Company for New AATG Shares should not constitute a disposal of the existing Shares for the purposes of UK taxation. Instead, the new holding of New AATG Shares should be treated as having been acquired at the same date and at the same cost as the existing Shares from which they are derived (allocated pro rata between such resulting New AATG Shares). Any up-front income tax relief obtained on subscription of the existing Shares should not, therefore, be subject to clawback but will be “transferred” to the New AATG Shares (allocated pro rata across the relevant number of AATG Shares).

For Shareholders holding (together with their associates) more than 5 per cent. of the Shares clearance has been obtained from HMRC in terms of section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own more than 5 per cent. of the Shares should also apply to them.

Shareholders in AATG, as a VCT, should be afforded the usual tax reliefs available to shareholders in VCTs. Qualifying shareholders should continue to receive tax-free dividends and should not be subject to UK taxation on any capital gains on the disposal of New AATG Shares.

Although AATG will be required to pay UK stamp duty on the transfer to it of the assets and liabilities of the Company (which form part of the merger costs being allocated to both AATG and the Company), no UK stamp duty or stamp duty reserve tax will be payable directly by Shareholders as a result of the implementation of the Scheme.

#### **3. Dissenting Shareholders**

Dissenting Shareholders whose Shares are purchased for cash at the break value price will be treated as having disposed of their existing Shares in the Company. If the dissenting Shareholder has disposed of Shares within the holding period required to retain up-front tax relief, income tax relief on those subscriptions will also be repayable. As the Company should still be able to claim the benefit of VCT status whilst in liquidation under the Merger Regulations the dissenting Shareholder should not be subject to any UK taxation in respect of any capital gains arising from the disposal.

#### **4. Clearances**

Clearance has been obtained from HMRC in respect of the Scheme under section 701 of ITA 2007 and section 138 of TCGA 1992. With regard to the former, the receipt of New AATG Shares should not, except in the case of dealers, fall to be regarded as an income receipt for the purposes of UK taxation.

Clearance has also been obtained from HMRC that the Scheme meets the requirements of the Merger Regulations and, as such, the receipt by Shareholders of New AATG Shares should not prejudice tax reliefs obtained by Shareholders on existing Shares and should not be regarded as a disposal.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and the Directors, whose names appear in paragraph 3.1 below, 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. Share Capital

2.1 As at 9 October 2013 (this being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

	<i>Issued and fully paid</i>	
	<i>No. of Shares</i>	<i>£</i>
Shares (1 penny each)	47,638,093*	476,380.93

\*4,550,867 Shares being held in treasury

2.2 As at 9 October 2013 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option and the Company held 4,550,867 Shares in treasury. The Company intends to cancel any Shares held in treasury prior to the Effective Date.

#### 3. Directors and their Interests

3.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

- Friedrich Ludwig Rudolf Ternofsky (Chairman)
- Robin Archibald
- Mary Anne Cordeiro
- Patrick Harold Reeve

all of 1 King's Arms Yard, London EC2R 7AF (the registered office and principal place of business of the Company).

3.2 As at 9 October 2013 (this being the latest practicable date prior to the publication of this document), the interests of the Directors (and their immediate families) and the directors of AATG in the issued share capital of the Company and AATG were as follows:

	<i>Company</i>		<i>AATG</i>	
	<i>Shares</i>	<i>Percentage of issued voting share capital (%)</i>	<i>AATG Shares</i>	<i>Percentage of issued AATG voting share capital (%)</i>
Friedrich Ternofsky	12,229	0.03	1,639	0.00
Robin Archibald	–	–	–	–
Mary Anne Cordeiro	5,111	0.01	–	–
Patrick Reeve	255,184	0.59	354,614	0.84
Dr Neil Cross	–	–	177,790	0.42
Lt Gen Sir Edmund Burton	2,980	0.01	54,095	0.13
Modwenna Rees-Mogg	–	–	3,504	0.01

3.3 Aggregate Directors' emoluments for the current financial year (assuming the merger does not take place) are expected to be £76,500 (excluding applicable employers National Insurance Contributions and VAT) whilst details of Directors' emoluments for the year ended 30 September 2013 are in the table below. Subject to the Scheme becoming effective, the Directors (and Albion) have agreed to waive all future directors' fees in respect of their appointments to the Company from the Effective Date.

3.4 Details of the Directors' appointments are as follows:

<i>Director</i>	<i>Date of appointment</i>	<i>Date of appointment Letter*</i>	<i>Annual remuneration (£)**</i>	<i>Year ended 30 September 2013 (£)***</i>
Friedrich Ternofsky	26 July 2004	26 July 2004	21,000	21,000
Robin Archibald	28 September 2010	28 September 2010	18,500	18,500
Mary Anne Cordeiro	26 July 2004	26 July 2004	18,500	18,500
Patrick Reeve	10 June 2004	10 June 2004	18,500	18,500

\* No Director has a service contract with the Company. The Directors have been appointed pursuant to appointment letters which are terminable on three months' notice given by the Company at any time.

\*\* No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office nor have any amounts been set aside to provide pension, retirement or similar benefits. The fees in respect of Patrick Reeve's appointment are payable to Albion. The Directors (and Albion) have, subject to the merger becoming effective, agreed to waive Directors' fees from the Effective Date.

\*\*\* Exclusive of applicable employer's National Insurance Contributions and VAT.

3.5 Save as detailed below, there are no potential conflicts of interest between the duties of any Director and their private interests and/or duties.

3.5.1 Patrick Reeve is the managing partner of Albion (and is, therefore, interested in the fees payable to Albion as set out in paragraph 3 above and paragraph 5 below), is a director and/or shareholder in other VCTs managed by Albion (including AATG) and is the chief executive officer of Albion Community Power PLC.

3.5.2 Winterflood Securities Limited is one of the appointed marketmakers to the Company. Robin Archibald, who is a director of Winterflood Investment Trusts, is, therefore, interested in amounts earned by it in its marketmaking capacity in the Shares.

3.6 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 30 September 2011, 2012 and 2013 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

#### **4. Substantial Shareholders**

The Company is not aware of any person who has a direct or indirect interest in the Company's or Enlarged Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006, the Listing Rules or the Disclosure & Transparency Rules of the FCA, a holding of 3 per cent. or more must be notified to the Company).

#### **5. Material Contracts**

5.1 Save as disclosed in this paragraph 5.1, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

5.1.1 An investment management agreement dated 2 August 2004 between the Company (1) and Albion (2), as novated, amended and supplemented, pursuant to which Albion provides investment management services and administration services to the Company. Albion is entitled

to an investment management fee payable quarterly in arrears of an amount equal to 2.5 per cent. per annum of the net assets of the Company calculated in accordance with the Company's normal accounting policies (exclusive of VAT, if any).

The normal annual running costs of the Company (including investment management and administration fees due to Albion, directors' remuneration, registrars' fees, stockbrokers' fees, company secretarial fees, auditors fees and irrecoverable VAT, but excluding any exceptional items and performance incentive fees) are capped at an amount equal to 3.5 per cent. of the net assets of the Company, with any excess being paid by Albion or refunded by a reduction in Albion's above management and administration fees.

Albion is also entitled to charge and retain arrangement fees of an amount equal to no more than 2 per cent. of each investment made by the Company, together with monitoring and director's fees, payable by each portfolio investee company.

Albion is entitled to performance incentive fees, subject to certain criteria being met in respect of the Company. Under the arrangement, if the total returns per Share at the end of a financial period, when added to the aggregate dividends per Share (both revenue and capital) paid to that date, exceeds 100 pence increased at the rate of 8 per cent. per annum (compounded) since the Company's commencement of trading to that date, then Albion will be entitled to an incentive fee equal to 20 per cent. of such excess in respect of each such Share in issue on that date. In the event that the performance of the Company falls short of the target in any period, such shortfall must be made up in future periods before Albion is entitled to any incentive fee in respect of such future periods. These fees, if applicable, will be paid annually.

Albion's appointment is terminable on 12 months' notice, subject to earlier termination by the Company if the Company fails to become, or ceases to be, a VCT or by either party if the other commits a material breach of the agreement. The appointment will be automatically terminated if, *inter alia*, (i) either party has a receiver, administrator or liquidator appointed, (ii) Albion ceases to be authorised by the FCA or (iii) Albion commits an act of fraud.

The agreement contains provisions indemnifying Albion against any liability not due to its default, gross negligence, fraud or breach of FSMA.

- 5.1.2 An allocation of investments agreement dated 8 December 2010 (as supplemented by a side letter dated 6 June 2013) between Albion and the various VCTs it manages (including the Company), pursuant to which the parties have agreed how the allocation of investment opportunities will be regulated. This agreement provides that where more than one VCT 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 a VCT has less than 75 per cent. of its holdings being qualifying, such weighting shall be increased to 1.5 times or (ii) where a VCT is in the process of disposing an investment, such expected funds shall have a weighting reduced to 0.5 times. It further provides that in respect of potential renewable energy projects, the various VCTs which Albion manages shall be entitled to the allocation of the first £42.5 million of such opportunities.
  - 5.1.3 A termination agreement dated 9 October 2013 between the Company (1) and Albion (2) pursuant to which the investment management agreement referred to at paragraph 5.1.1 above will be mutually terminated from the Effective Date conditional on the Scheme being implemented.
  - 5.1.4 A termination agreement dated 9 October 2013 between the Company (1) and Computershare Investor Services PLC (2) pursuant to which the appointment of Computershare Investor Services PLC as registrar to the Company will be mutually terminated from the Effective Date conditional on the Scheme being implemented.
- 5.2 The following contract will be entered into, subject, *inter alia*, to the Scheme becoming unconditional:
- A transfer agreement between the Company (acting through the Liquidators) and AATG pursuant to which all of the assets and liabilities of the Company will be transferred to AATG (subject only to the consent required to transfer such assets and liabilities) in consideration for New AATG Shares in accordance with Part III of this document. The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of

the Company will be transferred on receipt to AATG as part of the Scheme. This agreement will be entered into as part of the Scheme and is subject to non-material amendments.

## **6. Overseas Shareholders**

The issue of New AATG Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements, in particular:

- (a) none of the New AATG Shares has been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;
- (b) AATG is not registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and
- (c) no offer is being made, directly or indirectly, under the Scheme, in or into or by the use of mails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand.

It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New AATG Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

## **7. General**

- 7.1 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 19 May 2004, with registered number 05132495 and the name Jetsword Public Limited Company. The Company changed its name to Close Income and Growth VCT PLC on 16 June 2004, and to Albion Income and Growth VCT PLC on 25 March 2009. The principal legislation under which the Company operates is CA 2006 (and regulations made thereunder). The legal and commercial name of the Company is Albion Income & Growth VCT PLC. The Company is domiciled in England.
- 7.2 Statutory accounts of the Company for the years ended 30 September 2010, 2011 and 2012, in respect of which the Company's auditors, PKF (UK) LLP (as acquired by BDO LLP), have made unqualified reports under section 495 of CA 2006, have been delivered to the Registrar of Companies and such reports did not contain any statements under sections 495 to 497A of CA 2006. Should the proposed merger be effected, the Company should not need to prepare or publish final audited accounts for the financial year ended 30 September 2013 nor the current financial year to 30 September 2014.
- 7.3 Save for the directors' fees paid to the Directors and Albion (as detailed in paragraph 3.4 above), the fees paid to Albion in respect of its management and administration arrangements (as detailed in paragraph 5.1.1 above) and the fees paid to Albion in respect of promoting the recent top-up offers of £3,450, £6,740, £3,439 and £nil in the years ended 30 September 2011, 2012 and 2013 and to the date of this document in the current financial year, there were no related party transactions or fees paid by the Company during the years ended 30 September 2011, 2012 and 2013 or to the date of this document in the current financial year.
- 7.4 The Company has no employees or subsidiaries.
- 7.5 There has been no significant change in the financial or trading position of the Company since 31 March 2013, the date to which the Half-Yearly Report was made up to, to the date of this document.
- 7.6 The Company is not and has not at any time in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings (and the Company is

not aware of any such proceedings being pending or threatened) which may have, or have had, a significant effect on the Company's financial position or profitability.

- 7.7 The Liquidator and SGH Martineau LLP have given and not withdrawn their written consent to the issue of this document and the inclusion of their respective names and the references to them in this document in the form and context in which they appear.
- 7.8 If the Scheme becomes effective in accordance with the expected timetable on page 4, it is anticipated that the listing of the Shares will be cancelled on 13 December 2013.
- 7.9 New AATG Shares issued to Shareholders under the Scheme will rank *pari passu* with the existing AATG Shares and will be listed on the premium segment of the Official List and admitted for trading on the main market of the London Stock Exchange.

## **8. Documents Available for Inspection**

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG and also at the registered office of the Company:

- 8.1 the memorandum and articles of association of the Company;
- 8.2 the audited report and accounts of the Company for the financial years ended 30 September 2010, 2011 and 2012 and the half-yearly reports for the six month periods to 31 March 2012 and 2013;
- 8.3 the audited report and accounts of AATG for the financial years ended 31 December 2010, 2011 and 2012 and the AATG half-yearly reports for the six month periods to 30 June 2012 and 2013;
- 8.4 the material contracts referred to in paragraph 5 above (the contract referred to at paragraph 5.2 being subject to non-material amendment);
- 8.5 the consents referred to at paragraph 7.7 above;
- 8.6 the AATG Circular;
- 8.7 the AATG Prospectus; and
- 8.8 this document.

10 October 2013



# ALBION INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 05132495)

## NOTICE OF FIRST GENERAL MEETING

Notice is hereby given that a general meeting of Albion Income & Growth VCT PLC ("the Company") will be held at 11.30 a.m. on 4 November 2013 at The City of London Club, 19 Old Broad Street, London EC2N 1DS for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

That, subject to the conditions (other than the passing of this resolution) set out in paragraph 8 of Part III of the circular to the shareholders of the Company dated 10 October 2013 (a copy of which is produced to the meeting and initialled for the purpose of identification by the chairman of the meeting ("Circular")) having been fulfilled and notwithstanding anything in the articles of association of the Company to the contrary, the Scheme, as defined and set out in Part III of the Circular, be and hereby is approved and the directors of the Company and William Duncan and Keith Allan Marshall of Baker Tilly Business Services Limited, 2 Wellington Place, Leeds LS1 4AP ("the Liquidators") be and they hereby are authorised (insofar as they are not already authorised by the articles of association of the Company) to implement the Scheme and to execute any document and do any act or thing for the purpose of carrying the Scheme into effect and, in particular (but without prejudice to the foregoing generality):

- (i) the Company (acting by the Liquidators) be and hereby is authorised and directed to enter into, and the Liquidators be and they hereby are authorised and directed, pursuant to section 110 of the Insolvency Act 1986, to give effect to, a transfer agreement in the form of the draft which is produced to the meeting and signed for the purpose of identification by the chairman of the meeting with such non-material modifications thereto as the parties to such agreement may agree ("Transfer Agreement"); and
- (ii) the Liquidators be and they hereby are authorised and directed to request Albion Technology & General VCT PLC ("AATG") to arrange for the issue of new ordinary shares of 1 penny each in the capital of AATG on the basis described in the Transfer Agreement for distribution among the holders of the ordinary shares of 1 penny each in the capital of the Company by way of satisfaction and discharge of their respective interests in so much of all of the assets and liabilities of the Company as shall be transferred to AATG in accordance therewith and with the Scheme and for the purposes of the resolution, words and expressions defined in the Circular shall have the same meanings in this resolution, save where the context requires otherwise.

Dated: 10 October 2013

*By order of the Board*  
Albion Ventures LLP  
Secretary

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

### Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), members must be registered in the register of members of the Company at 6.00 p.m. on 2 November 2013 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC, between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 873 5859 or,

if telephoning from outside the UK, on +44 870 873 5859. Calls to Computershare Investor Services PLC's helpline (0870 873 5859) are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

5. A form of proxy is enclosed with this document and a reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 5.30 p.m. on 31 October 2013 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
6. As at 9 October 2013 (being the last business day prior to the publication of this notice), the Company's issued voting share capital (excluding treasury shares) was 43,087,226 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 9 October 2013 was 43,087,226.
7. In accordance with section 325 of the Companies Act 2006 ("the Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Act and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising 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.
10. In order for a proxy appointment made by means by CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message must be transmitted so as to be received by the issuer's agent, Computershare (ID 3RA50), by 5.30 p.m. on 31 October 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. 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(s), to procure that his 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.
12. 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 (as amended).
13. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
14. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
15. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
16. Information regarding the meeting is also available at the following website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

# ALBION INCOME & GROWTH VCT PLC

(Registered in England and Wales with registered number 05132495)

## NOTICE OF SECOND GENERAL MEETING

Notice is hereby given that a general meeting of Albion Income & Growth VCT PLC ("the Company") will be held at 10.00 a.m. on 15 November 2013 at 1 King's Arms Yard, London EC2R 7AF for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

That:

- (i) subject to the conditions (other than the passing of this resolution) set out in paragraph 8 of Part III of the circular to the shareholders of the Company dated 10 October 2013 (a copy of which is produced to the meeting and initialled for the purpose of identification by the chairman of the meeting ("Circular")) having been fulfilled, in each case prior to the passing of this resolution;
  - (a) the Company be wound up voluntarily under the provisions of the Insolvency Act 1986 and William Duncan and Keith Allan Marshall of Baker Tilly Business Services Limited, 2 Wellington Place, Leeds LS1 4AP ("the Liquidators") be and they hereby are appointed liquidators for the purposes of such winding-up and any power conferred on them by law or by this resolution may be exercised, and any act required or authorised under any enactment to be done by them may be done, by them jointly or by each of them alone; and
  - (b) the Liquidators be remunerated on a time costs basis as agreed with the board of directors from time to time plus VAT, disbursements and expenses;
- (ii) the Liquidators of the Company appointed pursuant to paragraph (i)(a) set out in this notice be and hereby are authorised under section 165 of the Insolvency Act 1986 to exercise the powers specified in Part I of Schedule 4 of the Insolvency Act 1986; and
- (iii) the cancellation of the listing of the Company's shares on the Official List following the implementation of the Scheme (as defined in the Circular) be and hereby is approved.

Dated: 10 October 2013

*By order of the Board*  
Albion Ventures LLP  
Secretary

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

*Notes:*

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), members must be registered in the register of members of the Company at 6.00 p.m. on 13 November 2013 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC, between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 873 5859 or, if telephoning from outside the UK, on +44 870 873 5859. Calls to Computershare Investor Services PLC's helpline (0870 873 5859) are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act

as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

5. A form of proxy is enclosed with this document and a reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 10.00 a.m. on 13 November 2013 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
6. As at 9 October 2013 (being the last business day prior to the publication of this notice), the Company's issued voting share capital (excluding treasury shares) was 43,087,226 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 9 October 2013 was 43,087,226.
7. In accordance with section 325 of the Companies Act 2006 ("the Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Act and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising 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.
10. In order for a proxy appointment made by means by CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message must be transmitted so as to be received by the issuer's agent, Computershare (ID 3RA50, by 10.00 a.m. on 13 November 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. 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(s), to procure that his 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.
12. 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 (as amended).
13. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
14. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
15. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
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