

pembroke VCT plc



Offer for Subscription to issue
up to 25,000,000
B Ordinary Shares

with an over-allotment facility for
up to a further 10,000,000
B Ordinary Shares



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”).

This document, which comprises a prospectus relating to Pembroke VCT plc (the “Company”) dated 3 October 2014, has been prepared in accordance with the Prospectus Rules made under Part VI of FSMA, and has been approved for publication by the Financial Conduct Authority as a prospectus under the Prospectus Rules.

The Company and the Directors, whose names appear on page 21 of this document, accept responsibility for the information contained herein. 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.

Persons receiving this document should note that Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sponsor for the Company and no-one else and will not, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder, be responsible to any other person for providing the protections afforded to customers of Howard Kennedy Corporate Services LLP or providing advice in connection with any matters referred to herein.

The whole of this document should be read. In particular, attention is drawn to the section entitled ‘Risk Factors’ set out on pages 17 to 20 of this document.

Pembroke VCT plc

(registered number 08307631)

Prospectus relating to an offer for subscription of up to 25,000,000 B Ordinary Shares of 1p each in the capital of Pembroke VCT plc at a price of 100p per Share payable in full on application with an over-allotment facility for up to a further 10,000,000 B Ordinary Shares

Sponsor

Howard Kennedy Corporate Services LLP

The Ordinary Shares in issue at the date of this document are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities. Application will be made to the UK Listing Authority for all of the Shares issued and to be issued pursuant to the Offer to be listed on the premium segment of the Official List and application will be made to the London Stock Exchange for the Shares to be admitted to trading on its main market for listed securities. It is expected that the admission of such Shares will become effective, and that trading in those Shares will commence, within 10 Business Days of their allotment.

The attention of persons receiving this document who are resident in, or who are citizens of, territories outside the United Kingdom is drawn to the information in paragraphs 6 and 7 in Part 6 of this document. In particular, the Shares have not and will not be registered under the United States Securities Act 1933 (as amended) or the United States Investment Company Act 1940 (as amended).

Up to 25,000,000 B Ordinary Shares in the Company with an over-allotment facility for up to a further 10,000,000 B Ordinary Shares, which are being offered to the public, are being made available in two different tax years (2014/15 and 2015/16 tax years).

The subscription for the Offer will open on 3 October 2014 on a conditional basis and may close at any time thereafter but in any event not later than 12 noon on 2 April 2015, in the case of the 2014/15 Offer, and at 5.00 p.m. on 1 September 2015, in the case of the 2015/16 Offer (unless, in either case, the Offer has been fully subscribed by an earlier date). The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2015/16 Offer, may be extended by the Directors at their absolute discretion to a date no later than 18 September 2015. All subscription monies will be payable in full in cash on application.

The terms and conditions of the Offer are set out on pages 78 to 81 of this document and are followed by an application form for use in connection with the Offer. The Offer is conditional upon valid applications for an amount exceeding the Minimum Subscription Threshold being received before 12 noon on 2 April 2015. The Offer is not underwritten.

Copies of this document may be viewed on the National Storage Mechanism (NSM) of the UKLA at <http://www.hemscott.com/nsm.do> and at www.pembrokevct.com and following the date of publication may be obtained free of charge for the duration of the Offer by collection from:

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Summary

Summaries are made up of disclosure requirements known as 'Elements'. The Elements are numbered in Sections A—E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in Shares should be based on consideration of the Prospectus as a whole by the Investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in Shares.
A.2	Use of Prospectus by financial intermediaries	The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries from the date of the Prospectus until the close of the Offer. The Offer is expected to close on or before 1 September 2015, unless previously extended by the Directors to a date no later than 18 September 2015. There are no conditions attaching to this consent. Financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.

Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Pembroke VCT plc (the "Company").
B.2	Domicile and legal form	The Company was incorporated and registered in England and Wales on 26 November 2012 as a public company limited by shares under the Companies Act 2006 with registered number 08307631. The Company operates under the Companies Act 2006 and regulations made under the Companies Act 2006.
B.5	Group description	Not applicable. The Company is not part of a group.

Summary continued

Element	Disclosure requirement	Disclosure										
B.6	Major shareholders	<p>As at 1 October 2014, being the last practicable date prior to publication of this document, the Company was aware of the following:</p> <p>Roy Nominees Limited which as at 1 October 2014 holds 4,109,000 Ordinary Shares (being 22.65% of the issued share capital as at 1 October 2014).</p> <p>The Directors are not aware of any person or persons who, following the Offer, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>										
B.7	Key financial information and statement of significant changes	<p>Certain selected historical information of the Company, which has been extracted without material adjustment from the audited financial statements referenced, is set out below.</p> <table border="1"> <thead> <tr> <th></th> <th>31 March 2014</th> </tr> </thead> <tbody> <tr> <td>Profit on ordinary activities before taxation (£'000)</td> <td>471</td> </tr> <tr> <td>Return per Share (p)</td> <td>3.49</td> </tr> <tr> <td>Net assets (£'000)</td> <td>18,240</td> </tr> <tr> <td>NAV per share (p)</td> <td>100.55</td> </tr> </tbody> </table> <p>The figures in the column headed 31 March 2014 show audited figures for the Company's first financial reporting period (commencing on its incorporation on 26 November 2012 and ending on 31 March 2014).</p> <p>In the period from 1 April 2013 to 31 January 2014 the Company raised £16.5 million in its first public offer by way of an issue of Ordinary Shares. It has subsequently raised a further £1.65 million by way of a top up offer of Ordinary Shares. As at the date of this document, the Company has now invested 70.4% of the net proceeds of those offers in accordance with its investment policy and is now substantially fully invested. In March 2014, the Company completed the process of cancelling its share premium account creating a special distributable reserve in respect of the amounts previously making up the share premium account. Other than as described in this paragraph, there have been no significant changes in the financial condition and operating results of the Company during or subsequent to the period covered by the historical information set out above.</p>		31 March 2014	Profit on ordinary activities before taxation (£'000)	471	Return per Share (p)	3.49	Net assets (£'000)	18,240	NAV per share (p)	100.55
	31 March 2014											
Profit on ordinary activities before taxation (£'000)	471											
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Net assets (£'000)	18,240											
NAV per share (p)	100.55											
B.8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is included in the Prospectus.										
B.9	Profit forecast	Not applicable. No profit forecast or estimate is included in the Prospectus.										
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There has been no qualification in any audit report on any historical financial information to date.										
B.11	Explanation of insufficiency of working capital for present requirements	Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements that is for at least the twelve month period from the date of the Prospectus.										

Element	Disclosure requirement	Disclosure
B.34	Investment policy	<p>Investment Objectives</p> <p>The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or ISDX, selecting companies which the Manager believes provide the opportunity for value appreciation. Pending investment in suitable Qualifying Investments, the Manager will invest in investments intended to generate a positive return, which may include funds, money market securities, gilts, listed securities and cash deposits. The Company will continue to hold up to 30% of its net assets in such products after it is fully invested under the VCT rules.</p> <p>Investment Strategy</p> <p>For its “qualifying investments” (being investments which comprise Qualifying Investments for a venture capital trust as defined in Chapter 4 Part 6 of the Income Tax Act 2007) (“Qualifying Investments”), the Company is expected to invest primarily in unquoted companies, although it may also invest in companies whose shares are traded on AIM or ISDX. The Company will invest in a diverse range of businesses, predominantly those which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist. The Company will invest in a small portfolio of carefully selected Qualifying Investments where the Manager should be able to exert influence over key elements of each investee company’s strategy and operations. The companies may be at any stage in their development from start-up to established businesses.</p> <p>It is anticipated that, at any time, up to 30% of investments will be held in non-VCT qualifying investments (“Non-Qualifying Investments”), recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer will be invested in other funds, with the balance being invested in other investments which may include money market securities, gilts and cash deposits.</p> <p>Asset Allocation</p> <p><i>Qualifying Investment Portfolio</i></p> <p>For its Qualifying Investments, the Company will invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or ISDX, and will invest up to a maximum of 15% (at the time of investment) in any single Qualifying Investment. The Manager will seek to construct a portfolio comprising a diverse range of businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans.</p> <p>Peter Dubens, a Director of the Company and a member of the Manager (holding the majority of the membership interest), will participate in each Qualifying Investment made by the Company at the same time and on the same terms (in particular as to the ratio of debt/equity). Peter will invest more or less than the Company, subject to a minimum of £10,000.</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.34 continued	Investment policy continued	<p><i>Non-Qualifying Investment Portfolio</i></p> <p>Under current VCT legislation, the Company must have invested at least 70% of funds raised in Qualifying Investments within three years of the funds being raised. However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years a considerable proportion of those funds will need to be invested elsewhere, in Non-Qualifying Investments like unlisted companies, other funds, money market securities, gilts, listed securities and cash deposits. At any time after the end of the three years of initial investment in Qualifying Investments, the Company will hold no more than 30% of its funds in Non-Qualifying Investments.</p> <p>The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer may be invested in other funds, with the balance being invested in other investments which may include money market securities, gilts and cash deposits.</p> <p>Risk Diversification</p> <p>The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of unquoted companies, in particular, targeting a variety of sectors.</p> <p>In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the relevant share pool of the Company (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds.</p> <p>The Company may invest in a range of securities including, but not limited to, ordinary and preference shares, loan stocks and convertible securities, and other interest-bearing securities. Unquoted Qualifying Investments will usually be structured as a combination of ordinary shares, preference shares and loans.</p> <p>Gearing</p> <p>Whilst the board of Directors of the Company (the "Board") does not intend that the Company will borrow funds, the Company is entitled to do so subject to the aggregate principal amount at the time of borrowing not exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).</p> <p>Change in Investment Policy</p> <p>The Board does not intend to vary the VCT's investment policy, which will be adhered to for at least three years following listing of the Shares. However, should a material change in the investment policy be deemed appropriate this will only be effected with the prior approval of Shareholders in accordance with the Listing Rules.</p>
B.35	Borrowing limits	<p>The Company is entitled to incur borrowings provided that the aggregate principal amount outstanding at any one time does not exceed 25% of the value of the adjusted capital and reserves of the Company at the time the borrowings are incurred (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.36	Regulatory status	The Company is not a regulated entity.
B.37	Typical investor	The profile of a typical Investor is a UK tax resident individual who seeks a venture capital strategy focused on capital appreciation with sufficient income and capital available to be able to commit an investment in the Company for over five years and who is attracted by the income tax relief available for a VCT investment. Investors may include retail, institutional and sophisticated investors and high net-worth individuals (however the decision to invest may be influenced by the availability of tax reliefs to such an Investor).
B.38	Investment of 20% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 20% of its gross assets in a single underlying asset or investment company.
B.39	Investment of 40% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 40% of its gross assets in a single underlying asset or investment company.
B.40	Applicant's service providers	<p>Investment management arrangements</p> <p>Under an investment management agreement dated 15 February 2013 and novated to the Manager on 1 July 2014 (the "IMA"), the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments in accordance with the provisions of the IMA.</p> <p>Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company at 2.0% of the Company's Net Asset Value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is therefore expected that the Annual Running Costs payable by the Company each year will be 2.0% of its Net Asset Value. The annual management fee is payable quarterly in advance based on projected Annual Running Costs and subject to a final balancing adjustment payment either way. Assuming full subscription of 35,000,000 B Ordinary Shares (with the over-allotment facility fully utilised), the Manager anticipates that the Annual Running Costs other than the annual management fee will be approximately 0.5% of Net Asset Value. Annual Running Costs include the regular ordinary course of business running costs of the Company but do not include costs related to extraordinary events or significant discretionary corporate events and do not include any Performance Fee payable (as described below).</p> <p>The Manager will also receive a performance fee of 20% exclusive of VAT of any amounts distributed to Shareholders in excess of £1 per Share (the "Performance Fee"). The Performance Fee in relation to the return on the Ordinary Shares is subject to satisfaction of a hurdle which is that Ordinary Shareholders have received in aggregate a return equivalent to at least 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from 20 January 2014 in respect of Ordinary Shares issued pursuant to the Launch Offer and from 31 March 2014 in respect of Ordinary Shares issued under the Top Up Offer. Subject to shareholder approval of the performance incentive arrangements for the B Ordinary Shares, the</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.40 continued	Applicant's service providers continued	<p>Performance Fee in relation to the return on the B Ordinary Shares is subject to satisfaction of a hurdle which is that B Ordinary Shareholders have received in aggregate a return equivalent to at least 3% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from (i) the date of the last allotment under the Offer of B Ordinary Shares on the basis of the October 2014 prospectus in respect of Shares issued under that prospectus or (ii) the date of the issue of the relevant B Ordinary Shares under any subsequent offer of B Ordinary Shares, and in either case up to the date of proposed payment of the relevant Performance Incentive Fee. Where, at the time of a distribution there have been previous distributions to the relevant class of Shareholders, for the purposes of determining if the hurdle on the relevant Shares has been met, the return will be calculated from the day after the previous distribution date for the relevant Shares on the total amount subscribed per relevant Share by Shareholders but reduced by the aggregate amount of such previous distributions made on the relevant Shares on a per Share basis.</p> <p>The Manager's appointment under the IMA will continue until terminated on 12 months' notice given by either party at any time after the tenth anniversary of Admission, subject to earlier termination in certain circumstances.</p> <p>Administration and company secretarial arrangements</p> <p>Under an administration agreement (the "Administration Agreement") dated 15 February 2013, The City Partnership (UK) Limited (the "Administrator") provides certain administrative, accounting and company secretarial services to the Company for an annual fee of between £55,000 and £75,000 (plus VAT at the relevant rate) payable quarterly in advance. The exact amount of the fee will depend on the aggregate gross funds raised under the Launch Offer, the Top Up Offer and the Offer.</p> <p>The Administrator's appointment under the Administration Agreement can be terminated on six months' notice given at any time, subject to earlier termination in certain circumstances.</p> <p>Offer Agreement</p> <p>The Promoter will pay all the Company's costs and expenses of or incidental to the Offer and Admission, in return for which it shall receive commission of 2.0% (excluding VAT) of the aggregate value of accepted applications for B Ordinary Shares.</p>
B.41	Regulatory status of the Manager	The Manager is authorised and regulated by the Financial Conduct Authority. The Manager acts as the Alternative Investment Fund Manager to the Company.
B.42	Calculation of Net Asset Value	<p>The net asset value of a Share will be calculated by the Manager in accordance with the Company's accounting policies and will be published every six months through a Regulatory Information Service.</p> <p>The calculation of the net asset value per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>
B.43	Cross liability	The Company is not an umbrella collective investment undertaking. Investors should be aware however that, although the Proposed Articles contain provisions designed to allocate the assets and liabilities of the Company between the different share classes, such provisions cannot ring fence the assets allocated to one share class from the liabilities of the other share class as far as third parties are concerned (for example a creditor of the Company).

Summary continued

Element	Disclosure requirement	Disclosure
B.44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.
B.45	Portfolio	Investment of the Ordinary Share Pool has been across four sectors: health and fitness; hospitality; apparel and accessories; and media and technology. As at the date of this document (and since completing its first issue of Ordinary Shares in April 2013), the Company has made 19 investments totaling £12.5 million in aggregate, with a further £1.1 million set aside as deferred consideration or for follow-on investments. The Company's investments are principally in unquoted investments in UK companies.
B.46	Net Asset Value	As at 30 June 2014 being the latest date prior to this document at which the Company has published its NAV, the Company's unaudited NAV per Ordinary Share was 100.47p.

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Types and class of securities	The Company will issue new B Ordinary Shares of £0.01 each ("B Ordinary Shares") under the Offer. The ISIN is GB00BQVC9S79 and the SEDOL is BQVC9S7.
C.2	Currency	Sterling.
C.3	Number of securities to be issued	The Company will issue up to 25,000,000 B Ordinary Shares in the capital of the Company pursuant to the Offer, with an over-allotment facility for up to a further 10,000,000 B Ordinary Shares.
C.4	Description of the rights attaching to the securities	<p>As regards Income:</p> <p>The Shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Proposed Articles.</p> <p>Under the Proposed Articles of the Company, all the assets of the Company and all the liabilities of the Company will be allocated either to the Ordinary Share Pool or the B Ordinary Share Pool. The Ordinary Shares will be entitled to the economic benefit of the assets allocated to the Ordinary Share Pool and the B Ordinary Shares will be entitled to the economic benefit of assets allocated to the B Ordinary Share Pool.</p> <p>Therefore although the rules in the Companies Act 2006 and elsewhere in relation to the payment of distributions will be applicable to the Company on a Company wide basis, the income arising on the portfolios will belong to one or the other of the share classes depending on which portfolio generated the income.</p> <p>As regards Capital:</p> <p>Similarly, the capital assets of the Company will be allocated to either the Ordinary Share Pool or the B Ordinary Share Pool. On a return of capital on a winding up or on a return of capital (other than on a purchase by the Company of its Shares) the surplus capital shall be divided amongst the holders of the relevant Share class <i>pro rata</i> according to the number of Shares of the relevant class held and the aggregate entitlements of that Share class. The Ordinary Shares will not be entitled to any capital assets held in the B Ordinary Share Pool and the B Ordinary Shares will not be entitled to any capital assets held in the Ordinary Share Pool. In relation to the purchase by the Company of its Shares, the purchase of Ordinary Shares may only be financed by assets in the Ordinary Share Pool and the purchase of B Ordinary Shares may only be financed by assets in the B Ordinary Share Pool.</p>

Summary continued

Element	Disclosure requirement	Disclosure
C.4 continued	Description of the rights attaching to the securities continued	<p>As regards voting and general meetings:</p> <p>Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each Shareholder present in person or by proxy shall on a poll have one vote for each Share of which he is the holder. The B Ordinary Shareholders may not be entitled to vote on certain matters which concern the Ordinary Share class only and vice versa.</p> <p>As regards Redemption:</p> <p>None of the B Ordinary Shares or the Ordinary Shares are redeemable.</p> <p>As regards the Special Reserve created on the cancellation of the Company's share premium account in March 2014:</p> <p>The Proposed Articles provide that the special reserve created upon the cancellation of the share premium account arising from the previous issue of Ordinary Shares may be used for the benefit of both the Ordinary Shares and the B Ordinary Shares. While this will not transfer any net asset value between the different share classes, it will permit those reserves to be treated as distributable profits on a company wide basis such that on an accounting basis dividends and share buybacks in respect of both share classes may be facilitated by the availability of that special reserve.</p>
C.5	Restrictions on the free transferability of the securities	Not applicable. There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application will be made to the UK Listing Authority for the B Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in the B Ordinary Shares will commence, within 10 Business Days of their allotment.
C.7	Dividend policy	Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities.

Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer	<p>Key risk factors relating to the Company are:</p> <ul style="list-style-type: none"> • There can be no guarantee that the Company will meet all its objectives or that suitable investment opportunities will be identified. The past performance of the Manager and members of the Management Team is no indication of future performance. • Investing in a VCT may not be suitable for all Investors and tax reliefs may be lost by Investors or the Company taking or not taking certain steps. • The Company's investments will be in companies whose shares are not readily marketable, and, therefore, difficult to realise, and as a minority investor, the Company may not be able fully to protect its interests. There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Company.

Summary continued

Element	Disclosure requirement	Disclosure
D.2 continued	Key information on the key risks specific to the issuer continued	<ul style="list-style-type: none"> • Investments in private companies can involve a higher degree of risk than investments in larger “blue chip” companies and can result in substantial losses. • The Company may be unable to maintain its qualifying status as a VCT, which could result in loss of tax reliefs and adverse tax consequences for Investors. • The Company’s agents and advisers may be involved in other financial, investment or other professional activities which may conflict with the interests of the Company. The Directors will endeavour to ensure such conflicts are resolved fairly. <p>Key risks associated with the Non-Qualifying Investments</p> <ul style="list-style-type: none"> • The Company’s exposure to Non-Qualifying Investments (e.g. money market funds) may be subject to market fluctuations and such investments are normally intended for professional and sophisticated investors who can afford the risks inherent in this type of investment, including the loss of the entire amount invested by the investor. • The ability of the Company to realise Non-Qualifying Investments may be adversely affected by illiquidity in underlying assets. • It may be difficult to deal in investments for which there is no recognisable market or to obtain reliable information about their value or the extent of the risks to which such investments are exposed. • Non-Qualifying Investments may have redemption periods that result in investments being illiquid and not readily realisable, and which could result in the premature realisation of other investments. <p>Key risks associated with investments in Non-Qualifying Investments</p> <ul style="list-style-type: none"> • Investments in Non-Qualifying Investments may involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested. • Investments in underlying funds which pursue speculative investment policies, including hedge funds, other alternative investments or in funds which trade in commodities futures and options, currencies and currency contracts or financial instruments. Investments in such funds involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested and more specifically concentration risk, liquidity risk, the risk associated with leverage, and exposure to loss from counterparty default. • The performance of any hedge fund investments will be affected by the selection of funds and portfolio managers by the Manager and their performance. • Underlying funds may utilise such investment techniques as option transactions, concentrated portfolios, margin transactions, short sales and futures and forward contracts and other leveraged or derivative transactions. There is no guarantee that these will have their intended effect and may significantly amplify any losses. • Certain investments may use leverage, which increases the possibility of both profits and losses. The use of leverage will cause an increase in the volatility of returns. • Asset allocations within a hedge fund portfolio will vary during market cycles.

Summary continued

Element	Disclosure requirement	Disclosure
D.3	Key information on the key risks specific to the securities	<p>The key risk factors relating to the Shares are:</p> <ul style="list-style-type: none"> • The value of Shares may fall below the original amount invested. The market price of a Share may not fully reflect the underlying net asset value. Despite the dividend policy of the Company, it is possible, depending on the performance of the portfolio, that dividends may not be paid at the rate anticipated or at all. Investment in the Company should be viewed as a long-term investment. • There is likely to be an illiquid market in the Shares and Investors may find it difficult to realise their investment except on a winding up of the Company. • Although the Articles of Association contain provisions allocating the assets and liabilities of the Company to either the Ordinary Share class or the B Ordinary Share class, such allocations may not in all circumstances (for example insolvency situations) be effective in ring fencing the assets and liabilities of one share class from the other, particularly in relation to a third party creditor or claimant against the Company. • The interests of the Ordinary Shareholders and the B Ordinary Shareholders may not always be aligned, for example in relation to statutory holding periods for certain tax reliefs that run from the issue date of the relevant Share. Certain relevant tests (for example, in relation to the ability to pay dividends and/or finance the buy back of Shares and in relation to compliance with the VCT Rules) are however calculated on a Company wide basis. In addition, certain corporate actions (such as a winding up for example) can only be done on a Company wide basis. It may therefore occur that the Ordinary Shareholders and the B Ordinary Shareholders disagree in relation to a certain matter and the Board will have to try to find some accommodation of the competing interests. • Levels, bases of, and reliefs from taxation are subject to change, which could be retrospective. The tax reliefs described in this document are based upon current legislation, practice and interpretation and the value of tax reliefs depends upon the individual circumstances of Investors.

Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issue	<p>The Promoter will pay all costs and expenses of or incidental to the Offer and Admission, in return for which it shall receive from the Company commission of 2.0% (excluding VAT) of the gross proceeds raised under the Offer. Assuming a full subscription of 35,000,000 Shares (with the over-allotment facility fully utilised), the cost to the Company would, therefore, be £700,000 (excluding VAT).</p> <p>The total net proceeds of the Offer, after all fees, is expected to be £34,300,000 (assuming a full subscription of 35,000,000 Shares with the over-allotment facility fully utilised).</p>

Summary continued

Element	Disclosure requirement	Disclosure
E.2	Reason for the Offer and use of proceeds	<p>By making the Offer the Company intends to raise funds for the B Ordinary Share Pool and then use a minimum of 70% of the proceeds of the Offer to acquire over a period not exceeding three years (and subsequently maintain) a portfolio of Qualifying Investments for the B Ordinary Share Pool in accordance with the published investment policy of the Company.</p> <p>Pending investment in Qualifying Investments, the proceeds of the Offer will be invested in non-Qualifying Investments, some of which will have an expected realisation date which meets the cash requirements of the Company.</p> <p>The estimated maximum net proceeds of the Offer, assuming a full subscription of 35,000,000 Shares (with the over-allotment facility fully utilised), is £34,300,000.</p>
E.3	Terms and conditions of the Offer	<p>The B Ordinary Shares are offered at 100p each payable in full upon application. Up to 25,000,000 B Ordinary Shares are being made available under the Offer, with an over-allotment facility for up to a further 10,000,000 B Ordinary Shares.</p> <p>The Offer will not proceed unless the Minimum Subscription Threshold is satisfied before 12 noon on 2 April 2015.</p> <p>The Offer is conditional on the shareholder resolutions to be proposed at the general meeting on 3 November 2014 being passed.</p>
E.4	Material interests	Not applicable. No interest is material to the Offer.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the securities as part of the Offer and there are no lock-up agreements.
E.6	Dilution	Not applicable. The B Ordinary Shares constitute a new class of security.
E.7	Expenses charged to the Investor	<p>Costs of the Offer</p> <p>The expenses charged to Investors will be 2% of the amounts subscribed.</p> <p>Non-advisory Financial Intermediary Commission</p> <p>In addition, for those Investors subscribing through a financial intermediary, but where no advice has been provided by such financial intermediary (if the Investor is a retail investor) in respect of the Investor's application for B Ordinary Shares, a further 3% of the gross proceeds raised in respect of that Investor will be deducted from their subscription and be paid by the Company to the financial intermediary as an introductory commission. The introductory commission may be waived in part or in whole by intermediaries and reinvested on behalf of clients through an additional allotment of B Ordinary Shares.</p> <p>Although not an expense charged to an Investor by the Company, at the request of an Investor, the Company will facilitate the payment of that Investor's adviser's charge as agreed by that Investor and his financial adviser, which is in addition to the expenses charged to Investors mentioned above, and which will be deducted from the monies received by the Company from an Investor, with the balance of such monies used by way of subscription monies.</p>

Risk Factors

Prospective Investors should consider carefully the following risk factors, as well as the other information in this Prospectus, before investing in B Ordinary Shares. Prospective Investors should read the whole of this Prospectus and not rely solely on the information in the section entitled "Risk Factors". The business and financial condition of the Company could be adversely affected if any of the following risks were to occur and as a result the trading price of the B Ordinary Shares could decline and Investors could lose part or all of their investment.

The Directors consider the following risks to be material for potential Investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties currently unknown to the Company (such as changes in legal, regulatory or tax requirements), or which the Company currently believes are immaterial, may also have a materially adverse effect on its financial condition or prospects or the trading price of B Ordinary Shares.

The Directors draw the attention of potential Investors to the following risk factors which may affect an investment in B Ordinary Shares, the Company's performance and/or the availability of tax reliefs.

Risks associated with holding shares in a VCT

- The B Ordinary Shares will usually trade at a discount to their underlying net asset value. The value of an investment in the Company depends on the performance of its underlying assets and that value and the income derived from the investment may go down as well as up and an Investor may not get back the amount invested.
 - Although the B Ordinary Shares will be listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid and there may be a limited market in the B Ordinary Shares primarily because the initial tax relief is only available to those subscribing for newly issued B Ordinary Shares and Shareholders may, therefore, have difficulty in selling them.
 - The Directors are committed to maintaining the Company's VCT status but there can be no guarantee that the Company will fulfill the criteria to maintain full VCT status. If the Company loses its approval as a VCT before Investors have held their B Ordinary Shares for five years, the 30% income tax relief obtained will have to be repaid by such investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company, and in addition, a liability to capital gains tax may arise on any subsequent disposal of B Ordinary Shares.
 - Where full approval as a VCT is not maintained, any dividends previously paid to holders of B Ordinary Shares will be liable to be assessed to income tax in the year in which they were paid. Interest may also be due. The Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the B Ordinary Shares may be suspended until such time as the Company has published proposals to continue as a VCT or be wound up.
- The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. Levels and bases of, and relief from taxation are subject to change. Such change could be retrospective. The value of tax reliefs depends on the personal circumstances of holders of shares, who should consult their own tax advisers before making any investment.
 - An investment in the Company should be regarded as long-term in nature as a sale by Investors of their Shares within five years will require a repayment of the 30% income tax relief obtained and is, therefore, not suitable for all individuals. Potential Investors should consult their professional advisers prior to making any investment decision in relation to the Offer.
 - The rules in relation to VCT qualification were amended with effect from 6 April 2014 to restrict the ability of VCTs to return amounts subscribed as capital to shareholders within three years of the end of the accounting period in which the funds were raised. It will therefore not be possible until the end of that time period to utilise amounts of share premium resulting from the B Ordinary Share issue in the same way as amounts of share premium were converted into a Special Reserve available for distributions and share buy backs following completion of the court approval procedure in respect of the previous Ordinary Share issue. Since the share premium resulting from the B Ordinary Share issue will not be available until the end of the relevant three year period, this may in the future impact on the Company's ability to pay dividends and/or buy back B Ordinary Shares, or the amount thereof, since during the period where share premium in respect of shares issued post 6 April 2014 cannot be used, only the existing Special Reserve and distributable reserves created through investment activities will be utilised for these purposes (and such reserves resulting from investment activities may possibly take time to accumulate to a level where they can be used for such purposes). It should be noted however that the amount in the Special Reserve is significant (£15,443,847 as at the date of this document) and it is therefore likely that it will not be exhausted prior to the expiry of the relevant three year period. Under the current law, any cancellation of the share premium resulting from the B Ordinary Share issue would be subject to shareholder approval and court approval.

Risk Factors continued

- With effect from 6 April 2014 income tax relief is not available in respect of a subscription for shares in a VCT where the investor has sold shares in that VCT and the sale was conditional upon the subscription, or the subscription was conditional upon the sale, or the subscription was made within six months of the sale (before or after). This will also have effect in relation to a subscription for shares in a VCT which is deemed to be a successor or predecessor of the VCT because there has been a merger of VCTs, or a restructuring of a group of companies of which the VCT is a member. The measure will not affect subscriptions for shares where the monies being subscribed represent dividends which the investor has elected to reinvest.

Risks associated with the likely underlying investments

- Smaller unquoted companies, usually with limited trading records, requiring venture capital frequently experience significant change. Investments in such companies carry substantially higher risks than would an investment in larger or longer-established businesses.
- Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in the main market. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Proper information for determining their value or the risks to which they are exposed may also not be available.
- Valuations of unquoted companies are determined by the Directors within IPEVC guidelines. However these valuation policies take account of stock market price earning ratios for the relevant industry sectors, discounted for non-marketability, and, therefore, the valuation of the portfolio and opportunities for realisation depend on stock market conditions.
- The Company's investments may be difficult to realise. There may also be constraints imposed on the realisation of investments by reason of the need to maintain the tax status of the Company.
- The Company may make investments into companies with similar trading profiles and with exposures in the same industry and/or to the same customer base. The level of returns to the Company may, therefore, be adversely affected by any downturn in those sectors or the sources within those sectors from which income is derived.

- The Company does not intend to invest in a large number of Qualifying or Non-Qualifying Investments, instead concentrating on a limited number of Qualifying or Non-Qualifying Investments but at the same time ensuring that no one investment represents more than 15% (by value and at the date of investment) of its total investments. By concentrating on a smaller number of Qualifying and Non-Qualifying Investments, risk is not spread as widely but is more concentrated between a smaller number of Qualifying and Non-Qualifying Investments.
- Although the Company expects to receive certain conventional venture capital rights in connection with its unquoted investments, as a minority investor it will not control the companies in which it invests (or their boards of directors) and may not always be in a position to fully protect its interests.
- Businesses in which the Company invests may incur unplanned costs and delays as a result of statutory and regulatory requirements in areas such as labour and health and safety, or where construction operations do not proceed as planned, which may prevent them from fulfilling their business plans and reduce the level of returns to the Company.
- The level of returns from investments may be reduced if there are delays in the investment programme, such that part of the net proceeds of the Offer are held in cash or cash-based similar liquid investments for longer than anticipated, or if the investments cannot be realised at the expected time and values.

Risks associated with the Manager and conflicts of interest

- The past performance of members of the Management Team is no indication of future performance.
- The Manager will provide discretionary and advisory investment management services to the Company in respect of its portfolio of investments. If the Manager does not perform its obligations in accordance with the agreement regulating the provision of these services, the performance of the Company and/or its ability to achieve or maintain VCT status, may be adversely affected.
- The term of the investment management agreement between the Manager and the Company is ten years (with the exception of termination in certain circumstances e.g. insolvency events of the Manager, unremedied material breach, etc), and the Company will, therefore, be unable to terminate this agreement as a result of underperformance by the Manager.

Risk Factors continued

- The Manager, or any of its officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an 'Interested Party') may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. An Interested Party will not be liable to account for any profit made in connection with these activities. For example, and without limitation, an Interested Party may:
 - (a) deal or invest in any investment, whether or not for its own account and notwithstanding that similar investments may be held by the Company;
 - (b) enter into or be interested in any financial or other transaction with any entity any of whose securities are held by or for the account of the Company;
 - (c) allocate investment opportunities among the funds and accounts it manages in accordance with its internal policies;
 - (d) arrange for the Company to acquire investments from or dispose of investments to any Interested Party or any investment fund or account advised or managed by any such person.

In the event of a conflict of interest arising in relation to the above circumstances, or in any other circumstances, and so far as it is within their powers to do so, the Directors will endeavour to ensure that it is resolved fairly and approved by the Independent Board in accordance with the Conflicts Policy as set out in the Manager's compliance manual. Where potential and actual conflicts of interest are identified, the Manager's compliance team will be notified and they will prepare a note, which will then be considered by and discussed with the Independent Board, with the aim of agreeing steps to resolve or otherwise manage such conflicts.

To the extent that the Company intends to invest in a company in which another fund managed by the Manager has invested or intends to invest, the investment must be approved by the Independent Board.

Risks associated with exposure to Non-Qualifying Investments

In addition, there are certain risks specifically associated with the planned investments in Non-Qualifying Investments which should be carefully considered by prospective Investors:

- The performance of the Company's Non-Qualifying Investments is affected by the selection of funds and managers by the Manager and by investment decisions of such portfolio managers. There is no guarantee (whether from the Manager or any other party) that the Company will meet its investment objective.
- The Company's portfolios of Non-Qualifying Investments are subject to market fluctuations. There can be no assurance that appreciation will occur or that losses will not be incurred.
- The ability of the Company to return funds to Shareholders may be adversely affected by illiquidity in underlying assets.
- It may be difficult to deal in investments for which there is no recognisable market or to obtain reliable information about their value or the extent of the risks to which such investments are exposed.
- Non-Qualifying Investments may have redemption periods that result in investments being illiquid and not readily realisable, and which could result in the premature realisation of other investments.
- Initially, whilst suitable Qualifying Investments are being identified in accordance with the Company's investment policy, the assets allocated to the B Ordinary Share Pool will be invested in a range of Non-Qualifying Investments. The risks stated above may have a greater impact on the B Ordinary Share Pool's assets during the period until the Company's funds are fully invested.

Risks associated with Certain Non-Qualifying Investments

Investments made by the Company in hedge funds and funds of hedge funds can carry a greater risk than the Non-Qualifying Investments traditionally made by VCTs, which may include the following:

- Investments in the other funds may involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested. The underlying funds may pursue speculative investment policies. These underlying funds will generally fall in the category commonly known as "hedge funds" or "alternative investments". Some investments may also be made in funds which trade in commodities futures and options, currencies and currency contracts or financial instruments. All the aforementioned investments carry a significant amount of risk, including but not limited to, concentration risk, liquidity risk, the risk associated with leverage, and exposure to loss from counterparty default.
- The performance of the Company's hedge fund investments will be affected by the selection of funds and portfolio managers by the Manager and by investment decisions of such portfolio managers. There is no guarantee that such funds or portfolio managers will meet their investment objectives.

Risk Factors continued

- Underlying investment funds may utilise such investment techniques as option transactions, concentrated portfolios, margin transactions, short sales and futures and forward contracts and other leveraged or derivative transactions. To the extent that such investment or other hedging techniques are used, there is no guarantee that these will have their intended effect and may, in certain circumstances, significantly amplify any losses and so cause a diminution in an underlying investment fund's assets, thereby creating a significant risk of loss of all or part of the amounts invested by the Company in that investment fund. Certain investments may use leverage, which increases the possibility of both profits and losses. The use of leverage will cause an increase in the volatility of returns.
- The size of the Company's hedge fund portfolio, and its exposure thereto, is subject to market fluctuations. There can be no assurance that appreciation in that portfolio will occur or that losses will not be incurred. Asset allocations within a hedge fund portfolio will vary during market cycles.

Risks associated with there being two share classes

- Although the Proposed Articles contain provisions allocating the assets and liabilities of the Company to either the Ordinary Share class or the B Ordinary Share class, such allocations may not in all circumstances (for example insolvency situations) be effective in ring-fencing the assets and liabilities of one share class from the other, particularly in relation to a third party creditor or claimant against the Company.
- The interests of the Ordinary Shareholders and the B Ordinary Shareholders may not always be aligned, for example in relation to statutory holding periods for certain tax reliefs that run from the issue date of the relevant Share. Certain relevant tests (for example in relation to the ability to pay dividends and/or finance the buy back of Shares and in relation to compliance with the VCT Rules) are however calculated on a Company-wide basis. In addition, certain corporate actions (such as a winding up for example) can only be done on a Company-wide basis. It may therefore occur that the interests of Ordinary Shareholders and the B Ordinary Shareholders are not aligned in relation to a certain matter.

Expected Timetable for the Offer

Offer opens	3 October 2014
Deadline for receipt of applications for final allotment in 2014/15 Offer	12 noon on 2 April 2015
Deadline for receipt of applications for final allotment in 2015/16 Offer	5.00 pm on 1 September 2015
First allotment	On or before 2 April 2015

Admission and dealings expected to commence within 10 Business Days of any allotment.

The deadline for receipt of applications is subject to the Offer not being fully subscribed by an earlier date. The closing date of the Offer, and the deadline for receipt of applications for the final allotment in the 2015/16 tax year, may be extended by

the Directors at their absolute discretion to a date no later than 18 September 2015. The Directors reserve the right to allot and issue Shares at any time whilst the Offer remains open. Definitive share and tax certificates will be despatched and CREST accounts credited as soon as practicable following allotment of Shares. The Offer is not underwritten.

Offer Statistics

Offer Price per B Ordinary Share	100p
Issue costs per B Ordinary Share (other than as set out below on pages 50 and 51)	2.0%
Minimum Subscription Threshold*	Gross proceeds of £5 million
Expected maximum net proceeds of the Offer if the over-allotment facility is utilised	£34,300,000
Expected maximum net proceeds of the Offer if the over-allotment facility is not utilised	£24,500,000
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is utilised	35,000,000
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is not utilised	25,000,000

*subject to adjustment in accordance with paragraph 6.15 of Part 4 of this document.

Information relating to the Company

Directors (all non-executive)

Jonathan Simon Djanogly (Chairman)
Laurence Charles Neil Blackall
Peter Adam Daiches Dubens

all of Registered Office at

3 Cadogan Gate
London
SW1X 0AS

Administrator and Company Secretary

The City Partnership (UK) Limited
Thistle House
21-23 Thistle Street
Edinburgh
EH2 1DF

Sponsor

Howard Kennedy Corporate Services LLP
19 Cavendish Square
London
W1A 2AW

Promoter

Palmer Capital LLP
3 Cadogan Gate
London
SW1X 0AS

Manager

Oakley Investment Managers LLP
3 Cadogan Gate
London
SW1X 0AS

Registrars and Receiving Agent

The City Partnership (UK) Limited
(assisted by Share Registrars Limited)
Thistle House
21-23 Thistle Street
Edinburgh
EH2 1DF

Solicitors

Nimmo W.S.
8 Walker Street
Edinburgh
EH3 7LH

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Chairman's Letter

Dear Investor,

Pembroke VCT plc (the "Company" or "Pembroke") was launched in 2013, raising £16.5 million in its first public offer and a further £1.65 million in a Top Up Offer in 2014 (which was oversubscribed). The Company is now launching a new share class, the B Ordinary Share class, to offer Investors the opportunity to invest up to a further £25 million in the Company with an over-allotment facility for a further £10 million to be used if the Board believes it is in the best interests of the Company.

The new share class, the B Ordinary Shares, will, under the Proposed Articles of the Company, constitute a separate pool of assets and liabilities, separate from the existing Ordinary Shares but managed by the same Manager, with the same investment policy. The B Ordinary Shares will benefit from the existing corporate structure of the Company and will not therefore incur the cost and expense of setting up a new company.

The Company's objective is to invest in a diversified portfolio of smaller unquoted companies, with the object of generating significant returns whilst enabling Investors to benefit from substantial tax benefits. In other words, Pembroke provides investors with access to a private equity style investment strategy.

Pembroke seeks opportunities which are capable of significant organic growth and sustainable cash generation. The Company aims to replicate the investment strategy already pursued in respect of the Ordinary Shares and successfully implemented by Peter Dubens since 2004 with the support of the team that has since joined him. A key feature of this strategy will be an investment bias towards consumer-facing businesses which have an established brand or with the potential to develop their brand.

As at the date of this document, the Company has made 19 investments totaling £12.5 million in aggregate, with a further £1.1 million set aside as deferred consideration or for follow-on investments, as set out in more detail later in this document. The new B Ordinary Shares will be entitled to the economic benefit of the funds raised in the B Ordinary Share issue and the subsequent investments made by the Manager with those funds and the subsequent income streams and investment returns from those investments (but will have no economic participation in the existing Ordinary Share Pool).

Peter Dubens, a director of the Company and a member of the Manager, Oakley Investment Managers LLP (holding the majority of the membership interest), has built a strong track record of investment in unquoted companies over the last ten years spanning various market cycles and investment conditions. The Company expects the majority of investments will continue to be sourced through a network of existing personal and professional contacts of Peter Dubens and the team.

VCTs offer significant tax advantages over most investment products (provided the qualifying criteria are complied with), including:

- income tax relief of 30% is available on the amount invested, provided those shares are held for a minimum of five years;
- dividend payments are tax free; and
- no capital gain arising when shares are sold.

Investment Management Team – Background

Peter Dubens and certain members of his team (together the "Management Team") have worked together for a number of years, principally under the banner of Oakley Capital Limited ("Oakley"). Oakley was established in 2000 by Peter Dubens to capitalise on his entrepreneurial and investment experience. From 2000 to 2006, Peter, supported by the team at Oakley, focused primarily on the operational improvement and consolidation strategies of both 365 Media Group plc ("365 Media") and Pipex Communications plc ("Pipex"). Investments in these businesses together generated a realised gross IRR of 29% over the life of the investment and a cash multiple of 2.6x the original investment cost (source: unaudited figures provided by the Manager¹).

Oakley Capital Private Equity L.P. was established in 2007 and focuses on investments in the UK and Western European middle-market (the "Oakley Private Equity Fund"). At final closing it had €288 million of committed capital. Since launch, it has generated a realised and unrealised gross IRR of 43% and a 2.3x cash multiple as at 31 December 2013. To 31 December 2013 Oakley Capital Private Equity L.P. had returned to its investors an amount equivalent to 84% of their paid-in capital (source: audited figures provided by the Manager²).

In September 2013, a successor private equity fund, OCPE II Master L.P. was initiated. To date, this fund has total commitments of €497 million.

The Management Team is described on page 30. It should be noted that past performance is not a guarantee of future success.

Chairman's Letter continued

The Offer

The Company is seeking to raise £25 million (or up to £35 million if the over-allotment facility is fully utilised) from Investors to invest in a new B Ordinary Share Pool of Qualifying Investments and Non-Qualifying Investments, in accordance with its published investment policy.

The objective of the Company is to deliver significant capital appreciation in the underlying investments thereby providing an attractive return to Investors whilst enabling them to benefit from the substantial tax reliefs available to Investors in VCTs. The Company will invest the net proceeds of the Offer in accordance with its published investment policy, with Qualifying Investments being made in a relatively small (by VCT standards) diversified portfolio of carefully selected smaller company investments, principally unquoted companies but possibly also including stocks quoted on AIM or ISDX, selecting companies which the Manager believes will provide an attractive return to Investors.

The Company offers a differentiated investment strategy which focuses on making investments in consumer-facing businesses capable of building a brand in their chosen marketplaces. Initially, whilst suitable Qualifying Investments are being identified, the Manager will invest the net proceeds of the Offer in Non-Qualifying Investments intended to generate a positive return which may include other funds, money market securities, gilts, listed securities and cash deposits. The Company will continue to hold up to 30% of its net assets in such products after it is fully invested under the VCT Rules.

As investments in investee companies are sold, the Company intends to pay the net proceeds it receives from each sale to Investors. It is anticipated that realisations of Qualifying Investments will occur within three to seven years of the date the Company invests.

The Company has been structured as a VCT to take advantage of the substantial tax reliefs available to UK income taxpayers investing in VCTs, including 30% income tax relief on the amount invested. This results in an investment with a net cost of 70p equating to 100p of funds, less issue costs of 2.0p or 5.0p where an investor is introduced through an execution only IFA.

The Management Team has a strong track record of investment in smaller companies as is set out above and below on page 30 of this Prospectus.

The issue of the new B Ordinary Shares is conditional on the approval of existing Shareholders of the Company at the General Meeting convened for 3 November 2014 at 3.00 pm at 3 Cadogan Gate, London SW1X 0AS.

Jonathan Djanogly

Chairman

¹ See responsibility statement at paragraph 6.23 of Part 4 of this document.

² See responsibility statement at paragraph 6.23 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments, see note 1 to the table on page 28 of this document as to the methodology and assumptions applied in such calculations.

Part 1 – Overview

Investment Strategy for the B Ordinary Share Pool

For its Qualifying Investments, the Company is expected to invest principally in unquoted companies, although it may also invest in companies whose shares are traded on AIM or ISDX. The Company will invest in a diverse range of smaller companies which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist, with a concentration in sectors where the management team has a previous track record. Investment of the Ordinary Share Pool has been across four sectors: health and fitness; hospitality; apparel and accessories; and media and technology. The companies may be at any stage in their development from start-up to established businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, though the Company may also invest in preference shares or provide loans as part of those investments. It is anticipated that the Company will generally take positions in its investee companies which, whilst minority interests (as required under VCT Rules), provide the Company with significant influence over key elements of each investee company's strategy and operations. The B Ordinary Share Pool may invest in businesses in which the Ordinary Share Pool has invested or intends to invest.

It is anticipated that, at any time, up to 30% of investments will be held in Non-Qualifying Investments, recognising that no single investment will represent more than 15% of net assets. Until suitable Qualifying Investments are identified the net proceeds of the Offer will be invested in Non-Qualifying Investments which may include funds, money market securities, gilts and cash deposits. To the extent that any such investment results in the Manager or another member of the Oakley Group receiving an additional management fee on any assets of the Company, the Manager has agreed to refund those additional amounts to the Company so there is no "double dipping".

Tax Benefits

VCTs offer significant tax advantages over most investment products. In summary, the main tax reliefs for Investors are:

- income tax relief of 30% on the amount invested up to £200,000 per tax year;
- dividends received by an Investor from the VCT are tax free; and
- capital gains on the disposal of the VCT shares are tax free.

Example (excluding the costs of the Offer)

An Investor invests £200,000 in the Company. Payments to the Investor over the life of the Company are £500,000.

	Illustration
Initial investment	£200,000
30% income tax relief	£(60,000)
Effective cost of investment	£140,000
Returned to Investor	£500,000
No capital gains tax; therefore tax saved on gain (at 28%)	£84,000
Money multiple based on effective cost of investment	3.6x
Overall tax saving	£144,000

However, no profit forecast is to be inferred or implied from this example.

The Company proposes to raise subscriptions from Investors through both a 2014/15 Offer and the 2015/16 Offer. Investors will be able to subscribe for shares both before and after the end of the current tax year (5 April 2015) in order to take advantage of the tax reliefs available in each tax year. This also means that individual Investors will be able to invest a maximum of £400,000 in the Company, utilising their income tax relief for two tax years (and spouses each have individual entitlements and so might together double that amount).

Income tax relief is only available for set-off against any income tax liability due, whether at the lower, basic or higher rate.

The above is only a very brief summary of the UK tax position of Investors in VCTs and is based on the Company's understanding of current law and practice. The tax treatment of Investors in VCTs will depend on their individual circumstances. Potential Investors are recommended to consult their own appropriate professional adviser as to the taxation consequences of their investing in a VCT.

Deal Flow

- The Company expects the majority of investments to be sourced by the Manager from the extensive personal and professional networks of the Management Team.
- The Management Team has extensive personal and professional networks built up over many years from direct operational business experience in commercial enterprises in a variety of sectors, and from private equity investing.

Part 1 – Overview continued

Prior to establishing Oakley Capital Private Equity, Peter Dubens directed the successful consolidation and realisations of 365 Media and Pipex, establishing a network of entrepreneurs and strategic and financial sellers and purchasers which have generated relevant and quality deal flow and exit sources for the private equity fund.

- PROfounders Capital L.P. is a venture fund set up by Peter Dubens, Brent Hoberman and others. Through its involvement with that fund the Management Team will gain early insight into trends in digital media whilst contact with its investor base, comprising a number of Europe's successful entrepreneurs, provides market intelligence and a potential source of deal flow.

Exit

The Company aims to exit each of its Qualifying Investments after a holding period of approximately three to seven years. The Management Team will consider the likely exit options as part of its due diligence process on the opportunity before making a recommendation to invest. The Management Team has extensive experience of selling companies both to strategic buyers and private equity investors from which the Company will benefit.

Where possible, the Company will encourage an exit from an investee company at the same time as other shareholders as this is likely to maximise value for Investors.

As interests in the investee companies are sold, the Company intends to pay the net proceeds it receives from each sale to Investors, most likely by way of tax free dividend, but subject to the requirements and best interests of the Company. Net proceeds are calculated after deducting costs of the transaction and any performance incentive payable.

Substantial Directors' Commitment

The Directors invested £625,000 in the first issue of Ordinary Shares and have irrevocably committed to invest in aggregate £525,000 in the B Ordinary Shares, thus creating a significant alignment of their interests with other Investors in the Company, and reflecting the Directors' confidence in the investment strategy.



Part 1 – Investment Activity & Performance

The Management Team's investment activity up to the date of this document and performance up to 31 March 2014 is summarised below.

The Management Team has developed a consistent track record of investing in small companies, targeting businesses capable of significant organic growth. The table below shows this performance split between those investments made prior to the establishment of the Company and those made by the Company. In total, the team has invested £16.8 million and has generated a total fair value, including unrealised investments, of £32.1 million (source: unaudited figures provided by the Manager*). Of the amount invested, 56% has been invested by the Company in the last 17 months.

The Pembroke portfolio

Pembroke has made a total of 19 investments as at the date of this document, and a total of 16 up to 31 March 2014 being the date to which the last audited accounts were drawn up, and from which the below performance information has been compiled. Those investments made by the Company after 31 March 2014 (Bella Freud Perfume, Sourced Market and Penfield), which have not been included in the last annual report of the Company, have been valued at the cost of the Company's investment and stated as at 11 September 2014 and such valuations have not been audited. In total, £9.6 million had actually been invested at 31 March 2014 with an average holding period of five months (see table below). Given that all investments had been held for less than 12 months at that date, and that no significant movement from the original investment appraisal had been observed, they continue generally to be carried at cost. However, due to their trading performance, the fair value of three of the investments have been assessed ahead of cost, generating an overall unrealised "money multiple" of 1.1x and an unrealised and unaudited IRR of 16.6% to 31 March 2014 (source: unaudited figures provided by the Manager*).

The pre-Pembroke small company portfolio

Prior to the establishment of Pembroke, the Management Team had arranged seven investments of, in aggregate, £7.2 million for private investors and has achieved two realisations: Humyo.com, which generated an IRR of 110% and 4.9x cash multiple over a 37-month period with sale proceeds attributable to investors of £5.1 million; and Tom Aikens Group which generated an IRR of 82% and a 4.3x cash multiple over a 29-month period with attributable sale proceeds of £1.7 million (source: unaudited figures provided by the Manager*).

Two investments have been closed and written off: Keboko resulted in a loss to investors of £0.1 million, before tax reliefs, and Jemma Kidd failed due to lack of working capital with a loss to investors of £0.3 million, before tax reliefs.

The remaining three investments are currently valued at £15.2 million against an aggregate acquisition cost of £5.4 million (source: unaudited figures provided by the Manager*).

The portfolio for both Pembroke and the smaller company investments reflects the types of deals which the Management Team will target, which contain elements of the following:

- companies capable of organic growth;
- in consumer-facing businesses;
- in sectors where the team has experience; and
- with a recognised brand and/or a brand capable of development.

*See responsibility statement at paragraph 6.23 of Part 4 of this document.

Part 1 – Investment Activity & Performance continued

Summary of Pembroke and pre-Pembroke investment performance

Name	Holding period to 31.03.14 (months)	Investment (committed) £	Invested to exit or 31.03.14 £	Fair value at exit or 31.03.14 £	Return on investment	IRR
Pembroke	0	11,863,919	9,593,239	10,201,461	1.1x	17%
Pre-Pembroke small company	57	7,180,934	7,180,934	21,897,763	3.0x	42%
		18,914,853	16,774,173	32,099,224		

Pembroke investment portfolio (as at 31.03.14)

Name	Date invested	Holding period (months)	Investment (committed) £	Invested to 31.3.14 £	Fair value 31.3.14 £	Investment status	Return on investment	IRR
Health and Fitness								
Boom Cycle	29.04.13	11	429,700	257,820	257,820	Current	1.0x	0%
KX Gym	26.09.13	6	700,000	700,000	1,085,499	Current	1.6x	137%
Plenish	25.06.13	9	225,000	225,000	302,533	Current	1.3x	48%
Dilly & Wolf	22.10.13	5	220,000	120,000	120,000	Current	1.0x	0%
Hospitality								
Chilango	07.11.13	5	549,850	449,850	595,040	Current	1.3x	103%
Premium fast-food restaurants	01.08.13	8	1,320,000	471,200	471,200	Current	1.0x	0%
La Bottega	01.08.13	8	1,960,000	1,690,000	1,690,000	Current	1.0x	0%
Chucs Bar and Grill	18.10.13	5	694,278	264,278	264,278	Current	1.0x	0%
Second Home	11.03.14	1	525,074	525,074	525,074	Current	1.0x	0%
Apparel & Accessories								
Kat Maconie	25.06.13	9	320,000	320,000	320,000	Current	1.0x	0%
Troubadour Goods	23.09.13	6	590,000	440,000	440,000	Current	1.0x	0%
Bella Freud	26.11.13	4	450,000	250,000	250,000	Current	1.0x	0%
Chucs	21.12.13	3	790,039	790,039	790,039	Current	1.0x	0%
Media & Technology								
Boat International	13.01.14	3	2,100,000	2,100,000	2,100,000	Current	1.0x	0%
Rated People	17.01.14	2	489,978	489,978	489,979	Current	1.0x	0%
Zenos	07.03.14	1	500,000	500,000	500,000	Current	1.0x	0%
Total invested			11,863,919	9,593,239	10,201,461		1.1x	16.6%

Part 1 – Investment Activity & Performance continued

Pembroke investment portfolio (as at 11.09.14)

Name	Date invested	Holding period (months)	Investment (committed) £	Invested to 11.09.14 £	Fair value 11.09.14 ¹ £	Investment status	Return on investment	IRR ²
Health and Fitness								
Boom Cycle	29.04.13	16	429,700	343,760	343,760	Current	1.0x	0%
KX Gym	26.09.13	12	700,000	700,000	1,085,499	Current	1.6x	58%
Plenish	25.06.13	15	225,000	225,000	302,533	Current	1.3x	28%
Dilly & Wolf	22.10.13	11	220,000	220,000	220,000	Current	1.0x	0%
Hospitality								
Chilango	07.11.13	10	549,850	549,850	695,040	Current	1.3x	36%
Premium fast-food restaurants	01.08.13	13	1,320,000	818,400	818,400	Current	1.0x	0%
La Bottega	01.08.13	13	1,960,000	1,960,000	1,960,000	Current	1.0x	0%
Chucs Bar and Grill	18.10.13	11	694,278	694,278	694,278	Current	1.0x	0%
Second Home	11.03.14	6	525,074	525,074	525,074	Current	1.0x	0%
Sourced Market	13.06.14	3	830,000	830,000	830,000	Current	1.0x	0%
Apparel & Accessories								
Kat Maconie	25.06.13	15	320,000	320,000	320,000	Current	1.0x	0%
Troubadour Goods	23.09.13	12	590,000	590,000	590,000	Current	1.0x	0%
Bella Freud	26.11.13	10	450,000	250,000	250,000	Current	1.0x	0%
Bella Freud Perfume	01.04.14	5	240,000	50,000	50,000	Current	1.0x	0%
Chucs	21.12.13	9	790,039	790,039	790,039	Current	1.0x	0%
Penfield	24.07.14	2	728,800	564,400	564,400	Current	1.0x	0%
Media & Technology								
Boat International	13.01.14	8	2,100,000	2,100,000	2,100,000	Current	1.0x	0%
Rated People	17.01.14	8	489,978	489,978	489,978	Current	1.0x	0%
Zenos	07.03.14	6	500,000	500,000	500,000	Current	1.0x	0%
Total invested			13,662,719	12,520,779	13,129,000			

¹Fair value is unaudited and is shown either as revalued at 31 March 2014 or (in the case of later investments or follow on investments since that date) at cost.

²Return on investment and IRR based at 11/09/2014.

Part 1 – Investment Activity & Performance continued

Pre-Pembroke small company investment portfolio

Name	Date invested	Holding period (months)	Investment (committed) £	Invested to 31.03.14 £	Fair value 31.03.14 £	Investment status	Return on investment	IRR
Health and Fitness								
KX Gym	01.12.04	112	1,336,887	1,336,887	8,563,315	Current	6.4	46%
Hospitality								
Tom Aikens	01.10.08	29	388,361	388,361	1,659,573	Sold	4.3x	82%
Apparel & Accessories								
Penfield	01.05.06	95	1,104,118	1,104,118	3,681,722	Current	3.3x	21%
James Perse	07.10.11	30	2,927,500	2,927,500	2,927,500	Current	1.0x	0%
Jemma Kidd	01.04.07	62	276,693	276,693	–	Closed	0.0x	0%
Media & Technology								
Humyo.com	01.05.07	37	1,043,175	1,043,175	5,065,653	Sold	4.9x	110%
Keboko	01.11.10	6	104,200	104,200	–	Closed	0.0x	0%
Total invested		57	7,180,934	7,180,934	21,897,763		3.0x	42%

1. Date of initial investment, total invested by investors and investor returns in each case refer only to those investments made by members of the Oakley team or by contacts of Oakley into the specified companies. Investments by company founders or by members introduced by founders (and, therefore, not by Oakley team members or contacts) are disregarded for the purposes of this table and in the calculation of any figures relating to the above referred to elsewhere in this document.
2. Humyo.com was sold in June 2010, and the proceeds of sale, including deferred consideration, were subsequently distributed to investors, as reflected in the table.
3. Tom Aikens was sold in March 2011 with cash on completion. This was distributed to investors, as reflected in the table.
4. Jemma Kidd was put into administration in September 2012 and Keboko has been closed with a total loss of both investments.
5. James Perse is an investment where the Oakley team and contacts own 100% of the company (through EIS qualifying holdings). The business is being valued at cost.
6. Penfield is a current investment which has been assessed at fair value. This valuation is based on an additional funding round which is closing at about the date of this document.
7. KX is also a current investment which has been assessed at fair value. Enterprise value is based on 8 x 2014 unaudited EBITDA which has been derived from the mean of EBITDA multiples for a group of listed UK and US fitness brands. Net debt of £4.3 million has been deducted from enterprise value to reflect the fair value attributable to investors. In addition, investor returns includes repayments of capital to investors amounting to £1.3 million.
8. All the above figures are unaudited and have been provided by the Manager (see responsibility statement at paragraph 6.23 of Part 4 of this document).

Part 1 – Management Team

The Company will be managed by the Management Team, a small team comprised of the management professionals described below, together with assistance from a number of support staff.

Peter Dubens

Managing Partner & Co-Founder of Oakley

Peter Dubens is the founder of Oakley and its associated group of businesses, a privately owned asset management and advisory group which now comprises private equity, asset management, venture capital, corporate finance and capital introduction operations, managing over US\$1 billion of capital. Peter has, over the last 27 years, managed the acquisition, restructuring and consolidation of public and private companies, including the formation of two public companies, namely 365 Media Group plc (“365 Media”) and Pipex Communications plc (“Pipex”). 365 Media consolidated 12 businesses within the online sports information and betting industry and Pipex consolidated 14 businesses within the telecoms and internet industries. 365 Media was sold for over £102 million to BSkyB and the main operating divisions of Pipex were sold for £370 million. Peter is Managing Partner of Oakley and will focus on deal origination in relation to the Company.

Andrew Wolfson

Andrew Wolfson is Oakley’s Managing Director and is responsible for executing the firm’s strategy, leading the investment team, deal origination and supporting portfolio companies. Andrew sits on the board of a number of Pembroke’s current investments (Bella Freud, Bella Freud Perfume, Boat, Boom, Chucs Bar & Grill, Chucs Ltd, Dilly & Wolf, La Bottega, Kat Maconie, Plenish, Sourced Market and Troubadour). Prior to becoming Managing Director of Pembroke, Andrew worked with a number of Oakley’s small company portfolio companies including KX, Tom Aikens and James Perse. Before joining Oakley, Andrew ran a number of businesses working across a breadth of sectors from hospitality to manufacturing and telecoms. Andrew is also a director of Benesco Charity Limited, and a trustee of The Charles Wolfson Charitable Trust.

Tristan Manuel

Tristan joined the Oakley group in 2013 and focuses on evaluating new investment opportunities, executing transactions and ongoing portfolio management for Pembroke. Prior to this, Tristan worked at Nomura in their investment banking division advising on healthcare M&A transactions. Previously he also worked at KPMG in their Transactions Services team in the private equity group where he performed financial due diligence on a diverse range of European private equity assets. Tristan qualified as a Chartered Accountant in 2009, and holds a first class degree from the University of Nottingham in Genetics.

Flora McAlpine

Flora joined the Oakley group in 2011 having graduated from Oxford University with a BA (Hons) degree in History. Flora focuses on evaluating the brand value of new investment opportunities and working with management teams to aid development within Pembroke portfolio businesses. Prior to Pembroke Flora worked on other small company portfolio companies within the Oakley group, developing digital media and new product development strategies.

Sara-Jo Coakley

Sara-Jo Coakley is responsible for capital raising and investor relations for Pembroke VCT. Sara-Jo joined from Palmer Capital, a division of the Oakley Group. During her time at Palmer, Sara-Jo focussed on assisting with the capital raising efforts and client relations for Palmer Partner Funds which included both private equity and hedge fund managers. Prior to this, Sara-Jo obtained a BA Honours degree from the University of Nottingham in Business Economics and Geography before going on to complete the Graduate Diploma in Law at the College of Law.

Part 1 – Board of Directors

The Board comprises three Directors, all of whom are non-executive. Jonathan Djanogly and Laurence Blackall are independent of the Manager. The third director, Peter Dubens, is a member of the Manager and is, therefore, not considered independent. Although the management of the Company's portfolio has been delegated to the Manager and the Manager acts as the Alternative Investment Fund Manager, the Directors retain overall responsibility for the Company's affairs.

Jonathan Djanogly

Independent non-executive Chairman

Jonathan is a solicitor and was, for over ten years, a corporate partner at City law firm SJ Berwin LLP. He specialised in mergers and acquisitions, private equity and joint ventures as well as fund raising on public markets. Jonathan has been a Member of Parliament since 2001, in which capacity he served for approximately four years as a Member of the Trade and Industry Select Committee. Between 2005 and 2010, he also served on the Opposition front bench as shadow Solicitor General and as a shadow Minister for Trade and Industry with responsibility for employment law and corporate governance. From 2010 Jonathan served as a Justice Minister for over two years and since 2012 he has been a consultant at international law firm, King & Wood Mallesons.

Laurence Blackall

Independent non-executive Director

Laurence has had a 30 year career in the information, media and communication industries. After an early career at Virgin and SEMA he went on to pioneer electronic publishing at Frost & Sullivan and then McGraw Hill where he was a vice-president. He then went on to found AIM listed Internet Technology Group plc in 1995 and successfully negotiated its sale in 2000 for a consideration of almost £150 million. Laurence was also instrumental in the creation of Pipex Communications plc. He has interests in a range of leisure and TMT businesses and currently holds a number of directorships in public and private UK companies.

Peter Dubens

Non-independent non-executive Director

Peter Dubens is the founder of Oakley Capital, a privately owned asset management and advisory group comprising private equity, fund of funds, corporate finance, capital introduction and venture capital operations managing over US\$1 billion, that was founded in 2002. Peter is the managing partner of Oakley Capital Limited, the investment adviser to Oakley Capital Private Equity L.P., a European mid-market private equity fund that invests in performing and under-performing companies, and supports buy and build strategies, rapid growth, or businesses undergoing significant operational or strategic change. During the last 23 years Peter has acquired, restructured and consolidated public and private companies. As executive chairman, he led the formation of two public companies, being 365 Media Group plc and Pipex Communications plc (now Daisy Group plc). The 365 Media platform consolidated 12 businesses within the online sports information and betting industry and the Pipex platform consolidated 14 businesses within the telecoms and internet industries. 365 Media was sold for over £102 million to BSkyB and the main operating divisions of Pipex were sold for approximately £370 million.

Peter will focus on deal origination in relation to the Company.

The Directors are in total investing £525,000 under the Offer.

Part 1 – Investment Policy

The Ordinary Share Pool of assets is already 70.4% invested. The B Ordinary Shares do not have any rights in relation to the Ordinary Share Pool and the assets in it (and likewise the Ordinary Shares do not have any rights in relation to the B Ordinary Share Pool and the assets in it); costs and expenses which relate to both pools will be allocated between the pools as the Board or the Manager believes most appropriate which will generally be *pro rata* to the net asset value of the respective pools. The funds raised by the issue of B Ordinary Shares will be invested for the benefit of the B Ordinary Share Pool (to which the Ordinary Shares will have no economic rights under the Proposed Articles). Those funds will be invested in accordance with the Company's investment policy (and for the avoidance of doubt, assets of the Ordinary Share Pool and the B Ordinary Share Pool may be invested in the same underlying companies).

The current investment policy is set out below:

Investment Objectives

The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or ISDX, selecting companies which the Manager believes provide the opportunity for value appreciation. Pending investment in suitable Qualifying Investments, the Manager will invest in investments intended to generate a positive return, which may include funds, money market securities, gilts, listed securities and cash deposits. The Company will continue to hold up to 30% of its net assets in such products after it is fully invested under the VCT rules.

Investment Strategy

For its Qualifying Investments, the Company is expected to invest primarily in unquoted companies, although it may also invest in companies whose shares are traded on AIM or ISDX. The Company will invest in a diverse range of businesses, predominantly those which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist. The Company will invest in a small portfolio of carefully selected Qualifying Investments where the Manager should be able to exert influence over key elements of each investee company's strategy and operations. The companies may be at any stage in their development from start-up to established businesses.

It is anticipated that, at any time, up to 30% of investments will be held in Non-Qualifying Investments, recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer will be invested in other funds, with the balance being invested in other investments which may include money market securities, gilts and cash deposits.

Asset Allocation

Qualifying Investment Portfolio

For its Qualifying Investments, the Company will invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or ISDX, and will invest up to a maximum of 15% (at the time of investment) in any single Qualifying Investment. The Manager will seek to construct a portfolio comprising a diverse range of businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans.

Peter Dubens, a Director of the Company and a member of the Manager (holding the majority of the membership interest), will participate in each Qualifying Investment made by the Company at the same time and on the same terms (in particular as to the ratio of debt/equity). Peter will invest more or less than the Company, subject to a minimum of £10,000.

Non-Qualifying Investment Portfolio

Under current VCT legislation, the Company must have invested at least 70% of funds raised in Qualifying Investments within three years of the funds being raised. However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years a considerable proportion of those funds will need to be invested elsewhere, in Non-Qualifying Investments like unlisted companies, other funds, money market securities, gilts, listed securities and cash deposits. At any time after the end of the three years of initial investment in Qualifying Investments, the Company will hold no more than 30% of its funds in Non-Qualifying Investments.

The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer will be invested in other funds, with the balance being invested in other investments which may include money market securities, gilts and cash deposits.

Risk Diversification

The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of unquoted companies, in particular, targeting a variety of sectors.

In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the relevant share pool of the Company (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds.

Part 1 – Investment Policy continued

The Company may invest in a range of securities including, but not limited to, ordinary and preference shares, loan stocks and convertible securities, and other interest-bearing securities. Unquoted Qualifying Investments will usually be structured as a combination of ordinary shares, preference shares and loans.

Gearing

Whilst the board of Directors of the Company (the “Board”) does not intend that the Company will borrow funds, the Company is entitled to do so subject to the aggregate principal amount outstanding at the time of borrowing not exceeding 25% of the value of the adjusted capital and reserves of the

Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company’s reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).

Change in Investment Policy

The Board does not intend to vary the VCT’s investment policy, which will be adhered to for at least three years following listing. However, should a material change in the investment policy be deemed appropriate this will only be effected with the prior approval of Shareholders in accordance with the Listing Rules.

Part 1 – Other Information

Conflicts of Interest

The Manager, or any of its officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an “Interested Party”) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. An Interested Party will not be liable to account for any profit made in connection with these activities. For example, and without limitation, an Interested Party may:

1. deal or invest in any investment, whether or not for its own account and notwithstanding that similar investments may be held by the Company;
2. enter into or be interested in any financial or other transaction with any entity any of whose securities are held by or for the account of the Company;
3. allocate investment opportunities among the funds and accounts it manages in accordance with its internal policies;
4. arrange for the Company to acquire investments from or dispose of investments to any Interested Party or any investment fund or account advised or managed by any such person.

In the event of a conflict of interest arising in relation to the above circumstances, or in any other circumstances, and so far as it is within their powers to do so, the Directors will endeavour to ensure that it is resolved fairly and approved by

the Independent Board in accordance with the Conflicts Policy as set out in the Manager’s compliance manual. Where potential and actual conflicts of interest are identified, the Manager’s compliance team will be notified and they will prepare a note, which will then be considered by and discussed with the Independent Board, with the aim of agreeing steps to resolve or otherwise manage such conflicts.

To the extent that the Company intends to invest in a company in which another fund managed by the Manager has invested or intends to invest, the investment must be approved by the Independent Board.

The Company’s advisers may be involved in other financial, investment or other professional activities which may conflict with the interests of the Company.

When conflicts occur between the Manager and the Company because of other activities and relationships of the Manager, the Manager will ensure that the Company receives fair treatment. Such conflicts will be disclosed to the Company.

The Manager may make investments on behalf of the Company in collective investment vehicles of which it is manager or in companies where the Manager has been involved in the provision of services to those companies and may receive commissions, benefits, charges or advantage from so acting. Any fees arising in connection with investments made by the Company in Oakley Funds will be discharged by the Manager. There will be no duplication of fees in such situations.

Co-Investment Policy

The Company expects to co-invest with other vehicles managed by the Oakley Group and with the Directors and directors and members of the Management Team and the wider Oakley team (the “Oakley Investors”). Peter Dubens, a Director of the Company and a member of the Manager (holding the majority of the membership interest), will participate in each Qualifying Investment made by the Company at the same time and on the same terms (in particular as to the ratio of debt/equity). Peter will invest more or less than the Company, subject to a minimum of £10,000. The Directors believe that the Company should benefit from the enhanced deal flow and better prospects likely to be created as a result of the Company’s ability to co-invest in larger deals. Where the Manager identifies suitable opportunities for investment by the Company, the investment by the Company will be on the same terms as those accepted by other Oakley Investors, other than where the investment is a follow-on to a pre-existing investment. However, the Manager, in consultation with the Independent Board, will have the discretion to accept a different allocation of the investment opportunity to reflect considerations such as the remaining life of a company or fund, the requirement to achieve or maintain a minimum of 70% by value of a VCT’s portfolio in Qualifying Investments or the availability of funds.

The B Ordinary Share Pool may invest in companies in which the Ordinary Share Pool is making an investment or has a current investment. If situations arise where the Company proposes to invest in the same companies as other funds managed by the Oakley Group, but at a different time or on different terms, any such proposed investment will require approval from the Independent Board.

No member of the Oakley Group is obliged to offer co-investment opportunities to the Company.

The Board will be responsible for determining the Company’s investment policy and will have overall responsibility for the Company’s activities. In accordance with the Listing Rules, a material change in the investment policy of the Company will only be effected with the prior approval of Shareholders.

Post-Investment Management

The Manager will monitor each investment regularly and will expect to meet with the management of investee companies on a regular basis.

As the values of underlying investments increase, the Manager will monitor opportunities for the Company to realise gains, and make tax free distributions to Shareholders. It should be noted that the B Ordinary Shareholders will, under the Proposed Articles, not have economic rights to the assets in the Ordinary Share Pool and, therefore, returns to the B Ordinary Shareholders will depend upon both the performance of the B Ordinary Share Pool and also the overall financial position of the Company being sufficient to comply with any conditions to any distributions applied on a Company wide basis.

The Manager will advise the Company on the disposal of any underperforming investments if it believes that there is unlikely to be any capital appreciation in these investments in the short to medium term.

Valuation Policy

Investments in AIM and ISDX-traded shares will be valued at prevailing bid prices in the market, unless it is thought necessary to make any adjustment for illiquidity.

Investments in hedge funds and funds of hedge funds will be valued on the basis of net asset value per share as reported by the administrator of each fund held. These funds typically permit investors to redeem their shares at net asset value per share using the next valuation published after the redemption notice period (typically 30 days).

All other investments will be valued by the Directors on the recommendation of the Manager in accordance with International Private Equity and Venture Capital Valuation (“IPEVC”) guidelines. IPEVC guidelines have replaced BVCA guidelines for investment companies investing in unquoted investments and reporting under UK GAAP.

The underlying principle of UK GAAP is that investments should be reported at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

Part 1 – Investment Review

In estimating fair value for an investment, the methodology applied must be appropriate to the nature, facts and circumstances of the investment and its materiality based on reasonable assumptions and estimates. Such methodology, including earnings multiple, cost, cost less a provision or net assets, should be applied consistently.

The Manager will be responsible for determination and calculation of the net asset value of the Company in accordance with the policies set out above.

The Company announces its net asset value per Share through its annual reports and half yearly accounts, which will be communicated to Shareholders through Regulatory Information Service announcements.

The calculation of the net asset value per Share will only be suspended in circumstances where the underlying data

necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

As at the date of this document, the Company had invested in 19 investments in companies across four sectors, committing £13.7 million, of which £12.5 million was invested. Whilst this review summarises those investments made, it should be borne in mind that these investments are ring-fenced for the economic benefit of the Ordinary Shareholders and the B Ordinary Shares will have no entitlements in relation to these investments. Their inclusion in this document is for illustrative purposes only, as examples of the sectors and type of investments the Company's Manager believes to be attractive. The B Ordinary Share Pool may invest in businesses the Ordinary Share Pool has invested or intends to invest in.



Part 1 – Investment Review continued

Health and Fitness

Boom Cycle

Boom Cycle is a new indoor cycling concept which offers a fun, high-intensity cardiovascular workout. The business currently has two studios, based in Shoreditch and Holborn where they combine indoor spin cycling with various exercise classes for both upper and lower body work-outs. Boom Cycle is one of the first dedicated spinning studios in London. The investment will be used to help roll-out the concept across London.

Cost	£343,760
Valuation	£343,760
Basis of valuation	Cost
Equity holding	27.2%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

KX Gym

KX Gym, founded in 2002, is a private members' gym and spa, which includes a restaurant and clubroom, located in Chelsea, London. KX offers members an exclusive holistic approach to wellbeing, incorporating fitness, diet and relaxation. Their strategy is to retain exclusivity (minimal volume growth, modest membership fee increase), increase secondary spend (restaurant, spa, personal training), and to continue to build the KX brand to offer other associated products (e.g. KX Life, KX Urban and KX Concierge).

Cost	£700,000
Valuation	£1,085,499
Basis of valuation	EBITDA multiple
Equity holding	11.8%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Plenish

Plenish, founded in 2012, is a cold-pressed juicing business in the UK, offering 100% raw (unpasteurised) juice. Cold-press juicing is a convenient way to pack a large amount of vegetables and fruit into your diet. The company offers both a full body cleanse package and off-the-shelf juice bottles (250ml). The company is currently selling via two main channels: online and through select wholesale accounts (e.g. Selfridges, Planet Organic, Harvey Nichols, The Natural Kitchen and Daylesford Organic). Cold press juicing is in its early stages in the UK, and therefore represents an attractive growth opportunity. Plenish launched on Ocado in May with strong sell through.

Cost	£225,000
Valuation	£302,533
Basis of valuation	Sales multiple
Equity holding	28.7%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Dilly & Wolf

Founded in 2013, Dilly & Wolf is a new premium snack brand. The company produces tasty and nourishing food using global ingredients such as kabuki beans, quinoa and fava beans. The company launched in Selfridges in June and is now in Daylesford, Natural Kitchen, Sourced Market and Lomax Gym. We believe there is an opportunity for a wholesome and nutritious snack brand which competes at a premium level despite the UK snack market being highly competitive.

Cost	£220,000
Valuation	£220,000
Basis of valuation	Cost
Equity holding	21.3%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Part 1 – Investment Review continued

main pic: KX Gym



Boom Cycle



Plenish



Dilly & Wolf

Part 1 – Investment Review continued

Hospitality

Chilango

Chilango is a fast-casual Mexican restaurant chain concept based on successful US business models. There are currently seven restaurants in London: Upper Street, Fleet Street, Chancery Lane, London Wall, Brushfield Street, Monument and Leather Lane, with further sites in the pipeline.

Cost	£549,850
Valuation	£695,040
Basis of valuation	Most recent funding round
Equity holding	3.0%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Premium fast-food restaurant chain

The company serves a range of hand-made burgers made with fresh locally sourced beef and cooked on a grill, along with fresh-cut fries, served with unlimited toppings. Currently there are twelve restaurants in England with four more sites opening by the end of the year. The investment will be used to roll-out the brand across the UK.

Cost	£818,400
Valuation	£818,400
Basis of valuation	Cost
Equity holding	n/a
Income accrued to VCT in y/e 31 March 2014	£37,489
Income paid to VCT in y/e 31 March 2014	£nil

La Bottega

La Bottega is an Italian chain of delicatessens in London, which serve high quality authentic Italian food and coffee. Currently there are six shops trading in London in Chelsea (x2), Belgravia, South Kensington, St. James' and Covent Garden. The investment will be used to provide expansion capital to open several new sites in selected neighbourhoods in London.

Cost	£1,960,000
Valuation	£1,960,000
Basis of valuation	Cost
Equity holding	40.0%
Income accrued to VCT in y/e 31 March 2014	£99,452
Income paid to VCT in y/e 31 March 2014	£nil

Chucs Bar & Grill

Chucs Bar & Grill is a new restaurant/bar reflecting the same style and branding as the Chucs retail brand. The restaurant is situated on Dover Street in Mayfair, next door to the Chucs retail store. Chucs Bar & Grill has 18 covers inside and 8 covers outside, serving food and drinks all day and offering different menus for breakfast, lunch, tea and dinner with an array of cocktails in the evening. Combining the Chucs retail offering with a restaurant creates an innovative consumer experience. The investment proceeds have been used to acquire the lease, fund fit-out costs and provide working capital.

Cost	£694,278
Valuation	£694,278
Basis of valuation	Cost
Equity holding	31.5%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Part 1 – Investment Review continued



main pic: Chucs Bar & Grill



Chilango



Premium fast-food restaurant chain



La Bottega

Part 1 – Investment Review continued

Second Home

Second Home is a new venture which will offer flexible and modern office space for fast-growing technology firms and creative businesses. Combining architectural design with first class amenities, Second Home will provide users with an impressive office environment in which to locate their business for short, medium and long-term. The investment has been used in part to fund the acquisition and fit-out of the first site in East London near Liverpool Street Station, which is expected to open in Q4 2014.

Cost	£525,074
Valuation	£525,074
Basis of valuation	Cost
Equity holding	4.4%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Apparel and accessories

Kat Maconie

Kat Maconie, founded in 2008, designs and manufactures ladies' shoes which are sold online, in department stores and in boutiques globally. The investment is being used to expand the main line collections, enhance sales and marketing efforts, and develop an e-commerce platform for the business. Kat Maconie has recently granted an exclusive licence in China with plans to open stand-alone stores by Q1 2015 in three major cities.

Cost	£320,000
Valuation	£320,000
Basis of valuation	Cost
Equity holding	32.0%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Troubadour

Troubadour Goods is a London-based luxury men's accessories brand specialising in designing and creating superior handcrafted leather goods. Troubadour features a line of seven leather pieces ranging from a wallet to a weekend bag. The products are available at the brand's e-commerce website and at four UK retailers, including Harrods, Harvey Nichols, Oki-ni and Autograph. The investment is being used to broaden the product portfolio, drive sales and marketing, and provide funds for working capital.

Cost	£590,000
Valuation	£590,000
Basis of valuation	Cost
Equity holding	44.3%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Bella Freud

Bella Freud is a fashion designer and manufacturer producing a range of high-end men's and women's clothing, focusing on knitwear. Currently her products are available in a number of retailers in the UK (Net-A-Porter, Matches, Harrods and Harvey Nichols), the US and Asia, and through her e-commerce shop. The investment is being used to develop an e-commerce platform, expand the collections and provide cashflow to fund production.

Cost	£250,000
Valuation	£250,000
Basis of valuation	Cost
Equity holding	27.8%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

main pic: Troubadour



Second Home



Kat Maconie



Bella Freud

Part 1 – Investment Review continued

Bella Freud Perfume

With the continuing success of the clothing label, Bella has teamed up with Azzi Glasser, a veteran in the UK perfume market who has designed a number of fragrances for other brands including Agent Provocateur, Nicole Farhi and Alexander McQueen. Bella Freud Perfume launched exclusively in Harvey Nichols in July with three signature scents. The investment is being used to provide funds for working capital, for stock development, sales and marketing and launch costs.

Cost	£50,000
Valuation	£50,000
Basis of valuation	Cost
Equity holding	30.0%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Chucs

Chucs is a luxury brand of men's and women's leisure wear. The product line includes t-shirts, polos and swim wear. Chucs currently sells via their online store, a retail store on Dover Street, London and through selected stockists. The investment is being used to refine the mainline collections, expand their wholesale presence and enhance sales and marketing.

Cost	£790,039
Valuation	£790,039
Basis of valuation	Cost
Equity holding	33.6%
Income accrued to VCT in y/e 31 March 2014	£2,819
Income paid to VCT in y/e 31 March 2014	£nil

Sourced Market

Sourced Market is a café, restaurant and retail offering which takes the concept of a farmers market into the convenience sector. The business sells a range of fresh British products manufactured by local producers (e.g. sandwiches, salads, pies, scotch eggs), Monmouth coffee, alcohol (e.g. craft beer and wine), and a range of snacks / pantry products (e.g. artisanal chocolate and biscuits).

The business was founded in 2007 and currently has one profitable site in St Pancras International in Kings Cross. The investment is being used to expand the brand and fund roll-out of the concept in other stations and high street locations.

Cost	£830,000
Valuation	£830,000
Basis of valuation	Cost
Equity holding	20.7%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Penfield

Penfield is an urban outdoor clothing brand, founded in 1975 in Hudson, Massachusetts, which is renowned for producing high quality down-filled jackets, fleece and outer wear. The products can be purchased online, and in over 30 countries globally, in a range of large retailers (e.g. Urban Outfitters, Size, J Crew, John Lewis).

The investment is being used to provide working capital, develop the brand through sales and marketing and increase the number of retailers globally.

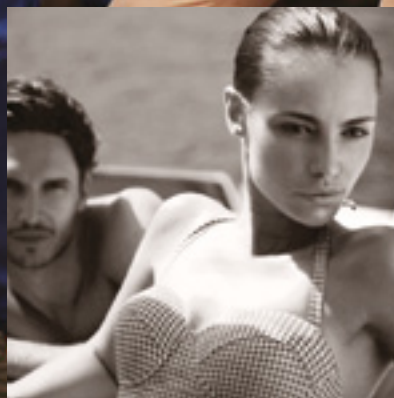
Cost	£728,000
Valuation	£728,000
Basis of valuation	Cost
Equity holding	5.7%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Part 1 – Investment Review continued

main pic: Penfield



Bella Freud Perfume



Chucs



Sourced Market

Part 1 – Investment Review continued

Media and Technology

Boat International Media

Recognised as a major worldwide media group serving the superyacht industry, Boat International Media provides information and services across traditional print, digital media and high quality events. Boat International publishes more than 1.4 million magazines annually, sells in over 57 countries worldwide and organises eight annual events including awards ceremonies, regattas and industry symposia. The Company has led a consortium of investors to complete a management buyout which has reduced debt in the business, allowing the company to support its growth strategy. Management will continue to develop the print media platform and accelerate the transition to digital.

Cost	£2,100,000
Valuation	£2,100,000
Basis of valuation	Cost
Equity holding	21.0%
Income accrued to VCT in y/e 31 March 2014	£10,520
Income paid to VCT in y/e 31 March 2014	£nil

Rated People

Rated People, founded in 2005, is one of the UK's major online market places for homeowners to find tradesmen for home improvement jobs. The platform has around 24,000 tradesmen throughout the UK, for which over 350,000 ratings have been provided by homeowners who have used them. The investment is being used to enhance sales and marketing, and to identify acquisition opportunities to improve the service offering and user experience.

Cost	£489,978
Valuation	£489,978
Basis of valuation	Cost
Equity holding	About 3%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

Zenos Cars

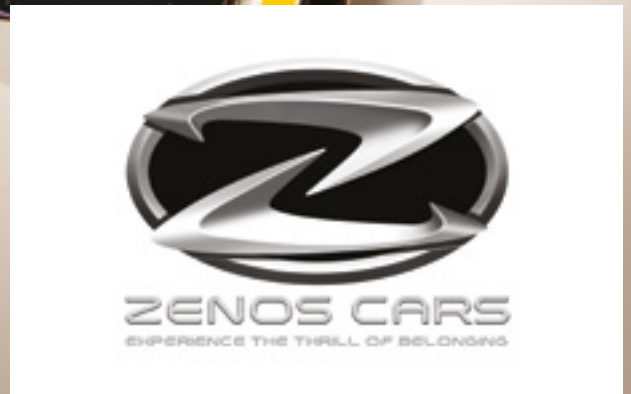
Zenos Cars has created lightweight sports cars that provide thrilling driveability and performance at an affordable price point. The business plans to deliver its first product in early 2015. Zenos is led by Ansar Ali and Mark Edwards, previously chief executive officer and chief operating officer respectively of Caterham Cars. The investment is being used to fund the manufacture of the pre-production test car and provide working capital for production of the order book in 2015.

Cost	£500,000
Valuation	£500,000
Basis of valuation	Cost
Equity holding	13.2%
Income accrued to VCT in y/e 31 March 2014	£nil
Income paid to VCT in y/e 31 March 2014	£nil

The above cost figures and valuations are as at 11 September 2014 (which valuations are shown either as revalued at 31 March 2014 or, in the case of later investments or follow on investments since that date, at cost), are unaudited and provided by the Manager.



Rated People



Zenos Cars

Part 1 – Case Studies

The following case studies from the Pembroke portfolio are intended to provide indicative information as to the type of investment the Manager might consider, investment structures and the rationale for the investment. The following do not represent all of the Qualifying Investments from the Company's portfolio. The valuations (which valuations are shown either as revalued at 31 March 2014 or, in the case of later investments or follow on investments since that date, at cost) are unaudited and provided by the Manager.



Investment date:	August 2013
Investment cost:	£1,960,000
Equity acquired:	40.0%
Fair value at 11.09.14:	£1,960,000
Board seat:	Yes
Valuation uplift:	n/a

Business description:

La Bottega, founded in 2005, is a small chain of Italian delicatessens in London, which serve high quality authentic Italian food and coffee. The offering includes soups, salads, pastries, hot dishes (chicken Milanese, parmigiana,

meat lasagna and pasta), paninis / piadinas and a range of groceries from selected Italian suppliers. The business has six sites in London: in Chelsea (x2), Belgravia, South Kensington, St. James' and Covent Garden.

Investment structure:

The investment has been structured between a mixture of debt and preferred equity.

Investment rationale:

- Replicable concept offering ready-made authentic and fresh Italian food focusing on "the kind of meals Italian mamas make every day"
- Strong brand awareness in West London – renowned for excellent Italian food and coffee
- New sites require A1 leases, which have lower capex re-fit costs and are more abundant in London (vs. A3 sites with kitchens)

- Financial performance – consistent year on year growth and profitable at group level with six sites

Post investment developments:

- Improved a number of internal systems and processes (EPOS systems, rota planning, stock control, data collection, customer databases, e-marketing)
- Centralisation of purchases and rationalising of number of suppliers resulting in greater economies of scale
- Centralisation of food production – commenced in September
- New improved menu launched across the estate
- Opened new store in Monmouth Street, Covent Garden, refurbished four sites increasing the number of covers and closed one underperforming site



Investment date:	June 2013
Investment cost:	£225,000
Equity acquired:	28.7%
Fair value at 11.09.14:	£302,533
Board seat:	Yes
Valuation uplift:	+34.5%

Business description:

Plenish is a cold-pressed juicing company based in London. Plenish produces 100% raw, organic and cold-pressed juice using a range of

vegetables and fruits (e.g. kale, romaine lettuce, beetroot, cucumber, pear, melon and pineapple). The company has a range of seven juices and a dairy-free nut milk, and they can be purchased in two forms: cleanse packages in 500ml bottles and individual 250ml bottles for retail consumers.

Investment structure:

The business has been funded using ordinary equity.

Investment rationale:

- Strong brand potential
- Nascent cold press juicing market in the UK, with the US market valued at \$5bn growing at 4-8% year on year

- Wholesale relationship with luxury London department store, Harvey Nichols, and a number of other premium outlets in the pipeline

Post investment developments:

- Enhanced capacity by acquiring industrial cold-pressed juicing machine
- Identified and contracted HPP (high pressure pasteurisation) contractor to increase shelf life of product without affecting taste or nutrient content
- Introduction and placement into number of premium retail outlets (e.g. Daylesford, Natural Kitchen) and large retailers (e.g. Ocado)

BOAT

Investment date:	January 2014
Investment cost:	£2,100,000
Equity acquired:	21.0%
Fair value at 11.09.14:	£2,100,000
Board seat:	Yes
Valuation uplift:	n/a

Business description:

Founded in 1983, Boat International Media (“BIM”) is a significant worldwide media provider for the global superyacht community, producing events, magazines, books and digital platforms targeted at superyacht owners, buyers, sellers, operators, builders, captains and crew and brokers.

Investment structure:

The investment has been structured between a mixture of debt and preferred equity.

Investment rationale:

- A major worldwide media player in the superyacht industry with unrivalled reputation amongst yacht owners, brokers and shipyards alike
- Unique audience and database: captive readership of high net worth and ultra high net worth, and database of superyacht owners
- Opportunity to transform Boat International into luxury lifestyle product whilst maintaining core relationship with brokers and builders
- Develop non-endemic luxury advertising in both print and events businesses
- Ability to grow revenue and profitability by digital investment: develop digital offering to cater for all parties who have an interest in yachts including enthusiasts, owners and brokers
- Strong cash conversion: highly cash generative with low capex requirements

Post investment developments:

- Made a number of key hires to implement lifestyle repositioning: Luxury editor, Sacha Bonsor (previously digital editor for Harper’s Bazaar UK and editor of the Times fashion and lifestyle supplement, LUXX); Luxury sales director, Helen Brocklebank (previously Creative solutions director for Hearst luxury titles); Group CFO, Chris Downham (previously FD at Head of Zeus Ltd and Atlantic Books Ltd)
- Completed full re-design for magazine (look, feel and content) in order to incorporate luxury lifestyle editorial, which launched at the Monaco Yacht Show in September
- Appointed specialist firm for full website re-build with improved content, functionality and user experience, plans to launch in December



Investment date:	June 2013
Investment cost:	£320,000
Equity acquired:	32.0%
Fair value at 11.09.14:	£320,000
Board seat:	Yes
Valuation uplift:	n/a

Business description:

Kat Maconie, founded in 2008, designs and manufactures ladies shoes which are sold online, in department stores and boutiques globally. Kat Maconie and her

team design the shoes in-house and they are produced in Brazil and China.

Investment structure:

The business has been funded using ordinary equity.

Investment rationale:

- Differentiated high quality product with attractive price point
- Strong brand awareness: approximately 10 pieces per month in leading publications and with a celebrity following (Jessie J, Ellie Goulding, Pixie Lott and the Saturdays)
- International wholesale presence – stocked in 20 countries worldwide including Nasty Gal, Zalando, Post Mistress (Harvey Nichols, Selfridges)

- Experienced and talented management team demonstrating both design skill and commercial acumen

Post investment developments:

- Rebuilt and launched new Kat Maconie e-commerce platform
- Hired US dedicated sales agent
- Completed licensing agreement in China, with licensor committing to invest approximately £25 million over the next three years to develop the brand awareness in China. Three new stand-alone Kat Maconie stores planned for launch in Beijing, Chengdu and Shenyang by Q1 2015
- In the process of switching manufacturing from Brazil to China

Part 1 – The Manager, Management Arrangements and Costs

The Manager

Oakley Investment Managers LLP, which is authorised and regulated by the Financial Conduct Authority to conduct investment business, is the manager of the Company under the terms of an investment management agreement entered into on 15 February 2013 and novated to the Manager on 1 July 2014 (the “IMA”). Pursuant to the IMA, the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments.

Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company at 2.0% of the Company's Net Asset Value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is therefore expected that the Annual Running Costs payable by the Company each year will be 2.0% of its Net Asset Value. The annual management fee is payable quarterly in advance based on projected Annual Running Costs and subject to a final balancing adjustment payment either way. Assuming full subscription of 35,000,000 B Ordinary Shares (with the over-allotment facility fully utilised), the Manager anticipates that the Annual Running Costs other than the annual management fee will be approximately 0.5% of Net Asset Value. Annual Running Costs include the regular ordinary course of business running costs of the Company but do not include costs related to extraordinary events or significant discretionary corporate events and do not include any Performance Fee payable.

Performance Incentive Fees

As is customary in the venture capital industry, the Manager will receive a performance related Performance Fee when the Company has performed well and in order to ensure that the interests of the Manager and Shareholders are aligned and to provide a strong incentive to the Manager. The Performance Fee is calculated as 20% (exclusive of VAT) of any amounts distributed to Shareholders in excess of £1 per Share. The Performance Fee in relation to the return on the Ordinary Shares is subject to satisfaction of a hurdle which is that Ordinary Shareholders have received in aggregate a return equivalent to at least 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from 20 January 2014 in respect of Ordinary Shares issued pursuant to the Launch Offer and from 31 March 2014 in respect of Ordinary Shares issued under the Top Up Offer. Subject to shareholder approval of the performance incentive arrangements for the B Ordinary Shares, the Performance Fee in relation to the return on the B Ordinary Shares is subject to satisfaction of a hurdle which is that B Ordinary Shareholders have received in aggregate a return equivalent to at least 3% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from (i) the date of the

last allotment under the Offer of B Ordinary Shares on the basis of the October 2014 prospectus in respect of Shares issued under that prospectus or (ii) the date of the issue of the relevant B Ordinary Shares under any subsequent offer of B Ordinary Shares, and in either case up to the date of proposed payment of the relevant Performance Incentive Fee. Where, at the time of a distribution there have been previous distributions to the relevant class of Shareholders, for the purposes of determining if the hurdle on the relevant Shares has been met, the return will be calculated from the day after the previous distribution date for the relevant Shares on the total amount subscribed per relevant Share by Shareholders but reduced by the aggregate amount of such previous distributions made on the relevant Shares on a per Share basis. The Performance Fee will be calculated separately on the Ordinary Shares and the B Ordinary Shares. The Performance Fee arrangements in respect of the Ordinary Shares are not being varied or replaced at this time.

Special Reserve

In March 2014, the Company completed the court approval procedure in relation to the cancellation of its share premium account arising on the issue of Shares under the previous Ordinary Share Offer. The Proposed Articles provide that this amount is available to be used in relation to both the Ordinary Shares and the B Ordinary Shares and this amount is therefore available in accordance with the court order to be used to finance the payment of dividends and improve the ability of the Company to make market purchases of Ordinary Shares and B Ordinary Shares.

Dividend policy

Generally under the VCT Rules, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to maximise tax free distributions to Shareholders by way of dividends paid out of income received and from capital gains received following successful realisations, subject to the requirements and best interests of the Company. All distributions are expected to be free of UK income tax to individuals aged 18 or over who acquire their shares within the annual £200,000 limit.

It should be noted that these VCT Rules apply on a Company wide basis. However, under the Proposed Articles, the Company will allocate the economic benefit from the two separate asset pools to the Ordinary Shares or to the B Ordinary Shares respectively. Therefore, if the Ordinary Share Pool assets produce income from shares and securities, that income will not be shared with the B Ordinary Shareholders and vice versa.

Share buy back policy

Although it is anticipated that the Shares will be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's market for listed securities, there is

Part 1 – The Manager, Management Arrangements and Costs continued

likely to be an illiquid market and in such circumstances Shareholders may find it difficult to sell their Shares in the market. In order to try to improve the liquidity in the Shares, the Company will operate a share buy back policy. The Company will endeavour to repurchase shares which Shareholders wish to sell, at a discount to net asset value per Share, less transaction costs payable to market makers and stockbrokers, subject to the following. Any purchase of Shares will be subject to authority from Shareholders, the Listing Rules, having the necessary cash resources and distributable reserves available for the purchase and the Board believing it to be in the best interests of the Company at the relevant time. Shares bought back by the Company may be cancelled or held in treasury for later sale in the market. Shares which have not been held for five years are considered for tax purposes to be a disposal and, therefore, subject to clawback by HMRC of any upfront income tax reliefs obtained on subscription. Shareholders should seek professional advice in relation to any disposal of Shares. The Company is seeking Shareholder approval at the General Meeting to authorise it to buy back up to 14.99% of the B Ordinary Shares in issue following closing of the Offer (and the Company already has authority to buy back up to 14.99% of its Ordinary Shares, taken at the 2014 annual general meeting).

Reporting to Shareholders

The Directors believe that communication with Shareholders is important. In addition to announcements being released through a Regulatory Information Service, Shareholders will receive a copy of the Company's annual report and accounts (expected to be published in July each year) and a copy of the Company's interim results (expected to be published in November each year).

Corporate Governance

The section headed "Comply or Explain" in the UK Corporate Governance Code (the "Code") published by the Financial Reporting Council in September 2012 acknowledges that in relation to smaller listed companies some of the provisions of the Code will be disproportionate or less relevant and that externally managed investment companies typically have a board structure which may affect the relevance of certain of its provisions.

Accordingly, the Company will comply with all the provisions of the Code save that (i) new Directors do not receive a full, formal and tailored induction on joining the Board (such matters are addressed on an individual basis as they arise), but any newly appointed Director will be given a comprehensive introduction to the Company's business, including meeting the Company's advisers, and full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary, (ii) the Company does not conduct a formal review as to whether there is a need for an internal audit function as the Directors do not consider that

an internal audit would be an appropriate control for a venture capital trust and (iii) as all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee. Peter Dubens, a director of the Company, is also a member of the Audit Committee. Since he is a member with a majority interest in the Manager, he is not considered to be independent. However, the Independent Board believes that this relationship results in enhanced communication between the Company and the Manager as well as closer supervision of the Manager's performance. The Independent Board, therefore, believes that this appointment is to the advantage of the Company.

In view of its non-executive nature and the requirements of the Articles that all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment and thereafter every third Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code.

In light of the responsibilities retained by the Board and the Audit Committee and of the responsibilities delegated to the Investment Adviser, PricewaterhouseCoopers LLP and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive Director.

Status of the Company

The Company is unregulated although VCTs need to meet a number of conditions set out in tax legislation in order for tax reliefs to apply.

Taxation and HM Revenue & Customs approval

The Directors intend to manage the Company's affairs in order that it continues to comply with the legislation applicable to VCTs. In this regard PricewaterhouseCoopers has been appointed to advise on tax matters generally and, in particular, on VCT status. HM Revenue & Customs has granted the Company provisional approval as a VCT, and PricewaterhouseCoopers will assist the Manager (but report directly to the Board) in monitoring progress towards achieving full VCT approval. Once full approval has been given, the Company must continue to satisfy the requirements of HM Revenue & Customs in relation to VCTs, or it is likely to lose full approval. The Company has received provisional approval from HM Revenue & Customs that the Company will be approved as a Venture Capital Trust, and has received confirmation that the new B Ordinary Shares will be regarded as eligible shares.

Life of the Fund

The Company will terminate ten years from the closing date of the original launch Ordinary Share offer i.e. on 31 January 2024 but may be extended by the Directors for up to three consecutive one-year periods to provide for the orderly realisation of investments.

Part 1 – Costs of the Offer and Annual Fees and Expenses

Costs of the Offer

The issue costs of the Offer will be 2% of the gross proceeds raised, paid as a commission to the Promoter.

Non-advisory Financial Intermediary Commission

In addition, for those Investors introduced by a financial intermediary, but where no advice has been provided by such financial intermediary (if the Investor is a Retail Investor) in respect of the Investor's application for B Ordinary Shares, a further 3% of the gross proceeds raised in respect of that Investor will be deducted from their subscription and be paid by the Company to the financial intermediary as an introductory commission. The introductory commission may be waived in part or in whole by intermediaries and reinvested on behalf of clients through an additional allotment of B Ordinary Shares.

The completed Application Form in respect of the Offer should be sent by post (in the reply paid envelope provided) or delivered by hand to: The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF.

Annual fees and expenses

Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company (not including any performance incentive fee) at 2.0% of the Company's Net Asset Value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is therefore expected that the Annual Running Costs payable by the Company each year will be 2.0% of its Net Asset Value.

The City Partnership (UK) Limited will provide certain administrative, accounting and company secretarial services to the Company for an annual fee of between £55,000 and £75,000 (plus VAT at the relevant rate) payable quarterly in advance. The exact amount of the fee will depend on the gross funds raised under the Offer aggregated with amounts already raised under the Launch Offer and the Top Up Offer.

The Chairman will be paid an annual fee of £20,000 and the other Directors will be paid an annual fee of £15,000 each, amounting in aggregate to no more than £100,000 per annum.

The Company will also be responsible for its normal third party costs including listing fees, audit and taxation services, legal fees, registrars' fees, directors' fees and other incidental costs (subject to the 2% cap agreed with the Manager as described above). It is expected that the Annual Running Costs (excluding the Manager's annual management fee), will be approximately 0.5% of the Net Asset Value.

A maximum of 75% of the Company's management expenses will be capable of being charged against capital reserves with the balance charged against revenues.

Details of the Offer

It is proposed to raise in aggregate up to £35 million by means of the Offer, being the principal offer of £25 million and the over-allotment facility of a further £10 million which may be utilised at the Board's discretion where it believes it is in the best interests of the Company to do so. Subscription amounts are payable in full, by cheque or bankers' draft or electronic transfer, on subscription. The Offer will open on 3 October 2014 and it is expected will remain open until 12 noon on 2 April 2015 in relation to the 2014/15 tax year, and until 5.00 pm on 1 September 2015 in relation to the 2015/16 tax year. The Offer may close in advance of these dates in the event that the maximum subscription is reached. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2015/16 Offer, may be extended by the Directors at their absolute discretion to a date no later than 18 September 2015.

Investors must ensure that any subscriptions in relation to the 2014/15 tax year are received before 12 noon on 2 April 2015 and that subscriptions in relation to the 2015/16 tax year are made by separate cheque, bank transfer or bankers' draft before the closing date of the Offer.

The Offer is not underwritten. The maximum net proceeds of the Offer, assuming full subscription (disregarding the over-allotment facility) will be approximately £24.5 million. The Minimum Subscription Threshold under the Offer is £5 million in gross proceeds. If subscriptions for less than this amount are received the Offer will lapse and subscription monies will be returned to Investors as soon as reasonably practicable. The Company will pay the Promoter a commission of 2.0% of accepted applications for Shares under the Offer.

Irrevocable commitments to invest an aggregate amount of £525,000 under the Offer, on the same terms as other Investors, have been received from the Directors.

The profile of a typical Investor is a UK tax resident individual who seeks a venture capital strategy focused on capital appreciation with sufficient income and capital available to be able to commit an investment in the Company for over five years and who is attracted by the income tax relief available for a VCT investment. Investors may include retail, institutional and sophisticated investors and high net-worth individuals (however the decision to invest may be influenced by the availability of tax reliefs to such an Investor).

Applications will be accepted on a "first come, first served" basis (provided cheques are not post-dated), subject always to the discretion of the Directors. If the Offer is over-subscribed (or over-subscribed after use of the over-allotment facility), an Applicant's application may be rejected or may be accepted for fewer Shares than the number actually applied for. In these cases, the amount paid on application, or the balance, will be returned, without interest, by cheque sent through the post at the Applicant's risk to the address stated in the Applicant's

Part 1 – Costs of the Offer and Annual Fees and Expenses continued

Application Form. Investors are, therefore, encouraged to submit their Application Forms early in order to be confident that their subscriptions will be successful. Multiple applications are permitted.

The minimum application level under the Offer is £3,000. The maximum aggregate investment in all VCTs in any one tax year on which tax relief is available is £200,000 per Investor (spouses have separate limits and therefore together can invest up to £400,000 in aggregate in each tax year).

The Offer may not be withdrawn after dealings in the Shares have commenced. In the event of any requirement for the Company to publish a supplementary prospectus, Investors who have yet to be entered onto the Company's register of members will be given two days to withdraw from their subscription. Investors should note, however, that such withdrawal rights are a matter of law that is yet to be tested in the courts of England and Wales and Investors should, therefore, rely on their own legal advice in this regard. In the event that notification of withdrawal is given by post, such notification will be effected at the time the Investor posts such notification rather than at the time of receipt by the Company.

The full terms and conditions of application are set out in Part 6 of this document, together with an Application Form and details of the application procedure.

Further information on fees payable to authorised financial intermediaries (please see also Costs of the Offer above)

From 1 January 2013, payments to authorised financial intermediaries acting on behalf of their clients are governed by rules made by the Financial Conduct Authority relating to the distribution of investments to retail consumers introduced as part of its "Retail Distribution Review".

From 1 January 2013, the compensation regime for intermediaries presumes that intermediaries (other than execution only intermediaries) will be compensated exclusively by their clients in consideration of advice given to them. No commissions will be payable by the Company to authorised financial intermediaries (other than execution only intermediaries) in relation to applications made under the Offer. However, the Company will, when requested, make arrangements under the Offer whereby payments due from clients to their authorised financial intermediaries in relation to advice on the merits of making an investment in Shares will be made to such intermediaries on behalf of such clients.

For those Investors introduced by a financial intermediary, but where no advice has been provided by such financial intermediary (if the Investor is a Retail Investor) in respect of the Investor's application for B Ordinary Shares, 3% of the gross proceeds raised in respect of that Investor will be deducted from their subscription and be paid by the Company to the financial intermediary as an introductory commission.

The introductory commission may be waived by intermediaries in whole or in part and any such waived commission will be reinvested on behalf of clients through an additional allotment of B Ordinary Shares.

Allotment, dealings and settlement

Application has been made to the UK Listing Authority for the B Ordinary Shares to be issued pursuant to the Offer to be admitted to the premium listing on the Official List and to the London Stock Exchange for the Shares to be admitted to trading on its main market for listed securities.

It is intended that an initial allotment of Shares will be made as soon as the Minimum Subscription Threshold of £5 million in gross proceeds is reached. Successful applicants will be notified by post.

It is expected that the admission of Shares will become effective, and that trading in those Shares will commence, within 10 Business Days of their allotment.

Shares will be issued in registered form and will be freely transferable in both certificated and uncertificated form. It is anticipated that definitive share certificates will be issued within 10 Business Days of each allotment.

Shares will be capable of being transferred by means of the CREST system. Investors who wish to take account of the ability to trade their Shares in uncertificated form (and who have access to a CREST account) may arrange through their professional adviser to convert their holding into dematerialised form.

Trail Commission

The Company reserves the right to agree trail commission with eligible financial intermediaries on an individual basis (typically up to 0.25% per annum of the sum subscribed by the Investor in the Offer for up to five years) which commission is indirectly paid out of the Manager's annual management fees through a corresponding reduction in those management fees. Payment of the trail commission is the Manager's responsibility.

Facilitation of Advisory Fees

If an Investor's financial intermediary provides the Investor with advice in respect of their investment in B Ordinary Shares, such Investor may have agreed to pay an adviser charge to such financial intermediary, which the Investor will be responsible for paying. At the request of an Investor the Company will facilitate the payment of that Investor's adviser's charge as agreed by that Investor and his financial adviser (which is in addition to the costs of the Offer mentioned above), which will be deducted from the monies received by the Company from an Investor, with the balance of such monies used by way of subscription monies.

Part 2 – Taxation Considerations for Investors

1. Individual Shareholders

The following is a summary of the tax benefits available to VCTs and their individual shareholders who are either Qualifying Subscribers or Qualifying Purchasers.

The tax treatment of Investors in VCTs will depend on their individual circumstances. Investors who are in any doubt as to their tax position are recommended to take professional advice.

A number of tax benefits are available to individuals, aged 18 or over, who invest in shares in a VCT. The tax benefits available to those individuals are different, depending on whether the individual subscribes for shares or acquires shares otherwise than by way of subscription. There is also a limit (the Qualifying Limit) on the amount which, in any tax year, an individual may invest in VCTs which will qualify for any tax benefits. The current limit is £200,000 in any one tax year. It is therefore possible to invest £400,000 with an investment of £200,000 before 6 April 2015 for tax year 2014/2015 and £200,000 on or after 6 April 2015 for tax year 2015/2016. Spouses have separate limits and each therefore has an annual limit of £200,000 meaning that together spouses may invest up to £400,000 per tax year in aggregate.

Investments in ordinary shares in VCTs in excess of the Qualifying Limit will not be eligible for any tax benefits.

Set out below is a summary of the tax benefits available to Qualifying Subscribers and Qualifying Purchasers.

2. Qualifying Subscribers (not Qualifying Purchasers)

The tax relief is available on aggregate investments in VCTs of up to £200,000 in any one tax year. Where advantage is taken of this relief, a Qualifying Subscriber will be able to obtain total initial tax relief of up to 30% of the amount of his investment, as shown in the table below.

Maximum effect of initial tax relief

	No VCT tax relief	30% income tax relief
Initial investment	£100,000	£100,000
30% income tax relief	–	(£30,000)
Effective current cost of the investment	£100,000	£70,000

Relief from income tax up to 30% will be available on subscriptions for shares in a VCT, subject to the Qualifying Limit (currently £200,000 in each tax year). The relief, which will be available in the year of subscription, cannot exceed the amount which reduces the income tax liability of the Qualifying Subscriber in that year to nil. Relief may not be available if there is a loan linked with the investment.

Relief will not be available, or, where given, will be withdrawn, either in whole or in part, where there is any disposal (except on death) of the shares (or of an interest in them or right over them) before the end of the period of five years beginning with the date on which the shares were issued to the Qualifying Subscriber.

With effect from 6 April 2014 income tax relief is not available in respect of a subscription for shares in a VCT where the investor has sold shares in that VCT and the sale was conditional upon the subscription, or the subscription was conditional upon the sale, or the subscription was made within six months of the sale (before or after). This will also have effect in relation to a subscription for shares in a VCT which is deemed to be a successor or predecessor of the VCT because there has been a merger of VCTs, or a restructuring of a group of companies of which the VCT is a member. The measure will not affect subscriptions for shares where the monies being subscribed represent dividends which the investor has elected to reinvest.

3. Qualifying Subscribers and Qualifying Purchasers

The reliefs below are only available on investments up to a maximum of £200,000 in VCTs in any one tax year.

3.1 Exemption from capital gains tax

Any gain or loss accruing to Qualifying Subscribers or Qualifying Purchasers on a disposal of shares in a company which was a VCT at the time he, or she, acquired the shares, and remained a VCT throughout his, or her, period of ownership, will neither be a chargeable gain, nor an allowable loss, for the purposes of capital gains tax.

3.2 Exempt dividend income

Dividend income will be exempt from tax. No tax credits will be repayable in respect of dividends paid.

3.3 Procedure for obtaining income tax reliefs available to Qualifying Subscribers

All Qualifying Subscribers will automatically be provided with certificates enabling them to claim income tax relief. The certificate will specify details of the shareholder, the date on which the shares were issued and the amount paid for the shares, and also will certify that the shares have been issued to a Qualifying Subscriber, and that certain other conditions are met to the best of the VCT's knowledge and belief. The relief may not be available unless the Qualifying Subscriber holds such a certificate.

The investor may use the certificate to claim income tax relief either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using a Self Assessment Tax Return to claim the relief.

Dividends received on shares acquired in VCTs up to the qualifying maximum value of £200,000 per tax year need not be shown in the investor's Self Assessment Tax Return.

4. Loss of VCT status

The following is a summary of the tax consequences for VCTs and their shareholders resulting from a loss of VCT status.

4.1 VCTs

Exemption from corporation tax on chargeable gains will not be available in relation to any gain realised after the VCT status is lost (and on any gain realised by the VCT if approval is deemed never to have been given).

4.2 Qualifying Subscribers

Income tax relief on investment

Where VCT approval is treated as never having been given, or where it is withdrawn before the shares have been held for five years, the relief will be withdrawn in full, and the Qualifying Subscriber will be assessed to tax in the tax year in which the relief was given on an amount equal to that relief. Interest on overdue tax may arise.

4.3 Qualifying Subscribers and Qualifying Purchasers

1. Exempt dividend income

Dividend income will not be exempt from tax if the dividend is paid in respect of profits or gains arising or accruing in any accounting period in which the VCT is not approved as such.

2. Exemption from capital gains

Where VCT approval is treated as never having been given, any gains and losses arising on a disposal of shares in the VCT will be taxable and allowable in the ordinary way. Where VCT approval is withdrawn at any time (whether or not the shares have been held for five years), the Qualifying Subscriber or the Qualifying Purchaser will be treated as having disposed of his shares immediately before the VCT ceased to be approved, for an amount equal to their market value at that time, and as having immediately reacquired them at that value. Thus, any capital gain up to that date will be exempt from tax, but any gains arising after that date will be taxable in the ordinary way.

Part 3 – Taxation of the Company

Qualifying as a VCT

1. In order to qualify as a VCT, a company must satisfy the following conditions in each accounting period:
 - i. it must be approved as a VCT by HM Revenue & Customs;
 - ii. it must not be a close company;
 - iii. throughout the period, each class of its ordinary share capital has been quoted on any regulated market in the EU or European Economic Area;
 - iv. it must derive its income in the period wholly or mainly from shares or securities;
 - v. it must have at least 70% by value of its investments throughout the period in newly issued shares or securities (where the securities are not redeemable within five years of issue) comprised in Qualifying Holdings, of which at least 70% by value must be ordinary shares which carry no preferential rights to assets on a winding up nor any rights to be redeemed, although they may have certain preferential rights to dividends;
 - vi. it must have at least 10% by value of its investments in any Qualifying Company in ordinary shares which carry no preferential rights;
 - vii. it must have not more than 15% by value of its investments throughout the period in a single company or group (other than a VCT, or other similar company);
 - viii. it must generally not retain more than 15% of the income which it derives from shares and securities in the period;
 - ix. it must not make an investment in a company which causes that company to receive more than £5 million of State Aid investment (including from VCTs) in the twelve months ending on the date of the investment; and
 - x. it must not return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs.
2. In order, however, to facilitate the launch of VCTs, there is a relaxation of some of these tests during the Company's first and, in the case of the test referred to in paragraph 1(v). above, up to the third accounting period (see below under the heading, "Approval as a VCT").

Qualifying Holdings

3. A Qualifying Holding consists of shares in, or securities of, a Qualifying Company (see below under heading "Qualifying Companies" for further details). A Qualifying Company must:
 - i. be unquoted (which will, in the case of a company which was unquoted at the time of the VCT's investment, be deemed to be the case for a further five years after the company ceases to be unquoted). Companies whose shares are traded on AIM or PLUS are treated as unquoted.
 - ii. with effect from 6 April 2012; have gross assets of £15 million or less immediately pre-investment and £16 million or less immediately post investment (in the case of companies which have Qualifying Subsidiaries (see below), the test is applied on a group basis);
 - iii. must have a permanent establishment in the UK;
 - iv. not be able to control (whether on its own or together with a connected person) any company which is not a Qualifying Subsidiary;
 - v. not be controlled by another company (on its own or together with a connected person);
 - vi. with effect from 6 April 2012; have fewer than 250 employees immediately pre-investment; and
 - vii. not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).
4. With effect from 6 April 2012, Qualifying Investments are limited to aggregate investments of £5 million in the twelve months ending on the date of the investment.

Part 3 – Taxation of the Company continued

Qualifying Companies

5. A Qualifying Company is a company which exists to carry on one or more Qualifying Trades (see below) or is the parent of a trading group, where each of its subsidiaries is a Qualifying Subsidiary and the group as a whole is not engaged in non-qualifying activities (see below).
6. For the purposes of the Qualifying Holdings test in paragraph 3(iv) above, a subsidiary will be a relevant Qualifying Subsidiary if at least 90% of its issued share capital and its voting power is directly owned by the Qualifying Company or by a wholly owned Qualifying Subsidiary. A relevant Qualifying Subsidiary can also be a wholly owned subsidiary of a 90% owned subsidiary. Certain other tests as to the distribution of the subsidiary's profits and assets on a winding-up must also be satisfied.
7. In the case of the Qualifying Holdings test in paragraph 3(iv) above, a subsidiary will be a Qualifying Subsidiary if the majority of its issued share capital is owned by the Qualifying Company and the other tests are also satisfied.
8. A trade will be a Qualifying Trade only if it does not to a substantial extent include non-qualifying activities (non-qualifying activities include dealing in land or shares, providing financial services or activities which are largely land-based, such as farming, hotels and nursing homes). In the case of a company which is preparing to carry on a Qualifying Trade, the Qualifying Trade must begin within two years of the issue to the VCT of the shares or securities, and must continue thereafter.

Approval as a VCT

9. A VCT must be approved as such at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval, which cannot be earlier than the time at which the application for approval is made.
10. A VCT cannot be approved until the relevant tests (see above under the heading, "Qualifying as a VCT") have been satisfied throughout the most recent complete accounting period of the VCT and HM Revenue & Customs is satisfied that the tests will be satisfied in relation to the accounting period of the VCT which is current at the time the application is made.
11. However, in order to facilitate the launch of VCTs, HM Revenue & Customs may grant provisional approval to a VCT, notwithstanding that not all the relevant tests are satisfied at the time of the application, provided that HM Revenue & Customs is satisfied that the tests will be satisfied within a certain period. In particular, HM Revenue & Customs may grant provisional approval if it is satisfied that:
 - i. the relevant tests in paragraphs 1(iii), 1(iv), 1(vii) and 1(viii) under the heading, "Qualifying as a VCT" above will either be satisfied in the accounting period current when the application for approval is made or the following accounting period;
 - ii. the relevant test in paragraphs 1(v) under the heading, "Qualifying as a VCT" above, will be satisfied in relation to any accounting period beginning not more than three years after the time when approval is given, or if earlier, when it has effect; and
 - iii. the relevant tests in paragraphs 1(iii), 1(iv), 1(v), 1(vi), 1(vii) and 1(viii) under the heading, "Qualifying as a VCT" above, will continue to be satisfied in all subsequent accounting periods.
12. The Company has been granted provisional approval as a VCT effective from admission of the Ordinary Shares to the Official List and to trading on the main market of the London Stock Exchange. The Company has received provisional approval from HM Revenue & Customs that the new B Ordinary Shares will be regarded as eligible shares.

Withdrawal of approval

13. Approval as a VCT may be withdrawn by HM Revenue & Customs if the relevant tests (see above under the heading, "Approval as a VCT") are not satisfied. Withdrawal of approval generally has effect from the time when notice of withdrawal is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all the tests were satisfied. The actions proposed to be taken by the Company in the case of a withdrawal of approval will be announced through a regulatory information service.
14. Where provisional approval is withdrawn, approval is deemed to have never been given. The taxation consequences of approval being deemed to have never been given are set out below under the heading "Loss of VCT status".

Part 4 – Additional Information

1. The Company

- 1.1 The Company was incorporated and registered in England and Wales on 26 November 2012 under the name Pembroke VCT 2 plc with registered number 08307631 as a public company limited by shares under the CA 2006. On 28 November 2012 the name of the Company was changed to Pembroke VCT plc. The principal legislation under which the Company operates, and under which the Shares have been created, is the CA 2006 and the regulations made thereunder. The Company is not regulated to conduct investment business under the FSMA, and is neither regulated nor authorised by any particular regulatory authority. By virtue of the fact the Company is a VCT it will be subject to the regulations of HMRC, the CA 2006, the UKLA and other relevant regulations and legislation.
- 1.2 On 28 November 2012 the Registrar of Companies issued the Company with a certificate under section 761 of the CA 2006. On 28 November 2012 the Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 833 of the CA 2006.

2. Share capital

- 2.1 The Company was incorporated with two ordinary shares of 1p each issued fully paid to the subscribers to the memorandum of the Company (the “Subscriber Shares”) which are held by HK Nominees Limited and HK Registrars Limited.
- 2.2 By ordinary and special resolutions passed on 27 November 2012 (and terms defined in this paragraph 2.2 are as the terms are defined in the resolutions):
 - 2.2.1 the Directors of the Company were authorised to allot shares up to an aggregate nominal value of £350,000, such authority expiring on the later of 15 months from the date of the passing of the resolution unless revoked, varied or extended by the Company in general meeting;
 - 2.2.2 that the pre-emption rights in respect of the above allotment be disapplied, provided that the power shall be limited to: the allotment of equity securities in connection with the issue of 50,000 redeemable preference shares of £1 each, the allotment of equity securities of up to 25,000,000 ordinary shares of £0.01 each at an issue price of £1.00 per share, to the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of Shares and other persons entitled to participate therein for cash, and to an aggregate nominal amount of 10% of the issued ordinary share capital of the Company immediately following the closing of the Offer;
 - 2.2.3 that, subject to the approval of the High Court of Justice, the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offer be cancelled;
 - 2.2.4 that the Company be authorised to make one or more market purchases of shares, provided that the maximum aggregate number of Shares that is purchased is an amount equal to 14.99% of the ordinary share capital following the Offer, the minimum price is £0.01 per Share, the maximum price paid for a Share is an amount exclusive of expenses, equal to 105% of the average of the middle market prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for five business days immediately preceding the day on which that Share is purchased, the Company may make a contract for the purchase of Shares where such contract will or may be executed after the expiry of such authority;
 - 2.2.5 that the foregoing authority shall expire either at the conclusion of the next annual general meeting or on the expiry of 15 months from the date of the passing of the resolution;
 - 2.2.6 that new articles of association be adopted.
- 2.3 The following resolutions were passed by the Company at its annual general meeting held on 28 August 2014:
 - 2.3.1 to approve the allotment of equity securities of up to an aggregate nominal amount of £48,141 expiring on the date of the annual general meeting in 2015 or if earlier 15 months after the date of the resolution;
 - 2.3.2 that pre-emption rights be disapplied in relation to the allotment of equity securities of the Company with an aggregate nominal value of up to but not exceeding 10% of the issued ordinary share capital where the proceeds are to be used in whole or in part to purchase the Company's Ordinary Shares and otherwise with an aggregate nominal value of up to 5% of the Ordinary Share capital of the Company;
 - 2.3.3 that the Company be authorised to make market purchases of up to 14.99% of its issued share capital from time to time, the minimum price being £0.01 per Share, the maximum price paid for a Share is an amount, exclusive of expenses, equal to 105 per cent. of the average of the middle market prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for five business days immediately preceding the day on which that Share is purchased, such authority expiring on the earlier of the annual general meeting in 2015 and the date which is 15 months after the date the resolution was passed.

Part 4 – Additional Information continued

- 2.4 At the General Meeting convened for 3 November 2014, the following special resolutions are being put to Shareholders:
- 2.4.1 that a new class of B Ordinary Shares of £0.01 each be created having the rights and restrictions set out in the Proposed Articles, and that the Proposed Articles be adopted;
 - 2.4.2 the Directors of the Company be authorised to allot B Ordinary Shares up to an aggregate nominal value of £350,000 under the Offer and a further amount of B Ordinary Shares up to an aggregate nominal amount representing 10% of the issued B Ordinary Share capital of the Company from time to time, such authority expiring on 3 February 2016 unless revoked, varied or extended by the Company in general meeting;
 - 2.4.3 that pre-emption rights in respect of the above allotments be disapplied;
 - 2.4.4 that the payment of a promoter fee by the Company to the Promoter in relation to the Offer, being a related party, is approved;
 - 2.4.5 that new performance incentive arrangements between the Company and the Manager, being a related party, in respect of the B Ordinary Shares are adopted;
 - 2.4.6 that the Company be authorised to purchase up to 14.99% of its issued B Ordinary Shares from time to time following closing of the Offer, the minimum price (excluding expenses) being £0.01 per Share, the maximum price (excluding expenses) being the higher of (i) an amount equal to 105% of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase is made, and (ii) the value of a share of such class of the Company's shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's shares on the trading venue where the purchase is carried out, such authority expiring on the earlier of the annual general meeting in 2015 and the date which is 15 months after the date the resolution was passed.
- 2.5 On 27 November 2012, 50,000 Redeemable Preference Shares in the Company were allotted and issued to Oakley Capital Management Limited and paid up as to one quarter so as to enable the Company to obtain a certificate under section 761 of the CA 2006. The Redeemable Preference Shares were redeemed on 13 July 2013 and cancelled on 24 July 2013 by the Company out of the proceeds of the original Ordinary Share offer.
- 2.6 The Company allotted 9,071,000 Ordinary Shares at a subscription price of £1.00 per Share between 5 and 8 April 2013. The following further allotments of Ordinary Shares took place, all at a subscription price of £1.00 per share:
- 2.6.1 1,840,000 Ordinary Shares were allotted on 20 May 2013;
 - 2.6.2 1,161,000 Ordinary Shares were allotted on 21 June 2013;
 - 2.6.3 2,000,000 Ordinary Shares were allotted on 31 July 2013;
 - 2.6.4 395,000 Ordinary Shares were allotted on 25 October 2013;
 - 2.6.5 310,000 Ordinary Shares were allotted on 25 November 2013;
 - 2.6.6 505,000 Ordinary Shares were allotted on 20 January 2014;
 - 2.6.7 1,210,000 Ordinary Shares were allotted on 7 February 2014; and
 - 2.6.8 1,649,200 Ordinary Shares were allotted on 31 March 2014.
- 2.7 Save as disclosed in this paragraph 2 and pursuant to the Offer, since the date of its incorporation, no share or loan capital of the Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages, or other special terms have been granted by either the Company or any subsidiary, in connection with the issue or sale of any such capital.
- 2.8 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.9 Save as disclosed in this document and pursuant to the Offer, no material issue of Shares (other than to Shareholders *pro rata* to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- 2.10 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00B89W2T50 and the SEDOL code is B89W2T5. The ISIN of the B Ordinary Shares is GB00BQVC9S79 and the SEDOL code is BQVC9S7.

- 2.11 Following admission of the Ordinary Shares set out in paragraph 2.6 to the Official List, the issued share capital of the Company, was, and is at the date of this document, 18,141,202 Ordinary Shares. Assuming full subscription under the Offer and full utilisation of the over-allotment facility, the issued share capital of the Company will be 18,141,202 Ordinary Shares and 35,000,000 B Ordinary Shares.
- 2.12 The Company will be subject to the continuing obligations of the UK Listing Authority and the London Stock Exchange with regard to the issue of securities for cash and the provisions of section 561 of the CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to share capital of the Company which is not subject to the disapplication referred to in sub-paragraph 2.2.2 above.

3. Articles of Association

- 3.1 The articles of association of the Company provide that its principal object is to carry on the business of a venture capital trust and that the liability of members is limited.
- 3.2 The Company has convened a General Meeting for 3 November 2014 at which the proposals to create the new B Ordinary Shares and adopt the Proposed Articles of Association will be put to existing Shareholders. The existing articles of association of the Company which were adopted on 27 November 2012 contain, *inter alia*, provisions to the following effect:

3.2.1 Voting Rights

Subject to any disenfranchisement as provided in paragraph 3.2.6 below and subject to any special terms as to voting on which any Shares may be issued, on a show of hands every member present in person (or being a corporation, present by authorised representative) shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every Share of which he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

3.2.2 Rights Attaching to the Redeemable Preference Shares

Provided the Proposed Articles are adopted at the General Meeting, the following provisions in respect of the Redeemable Preference Shares shall be removed from the Articles.

Each of the Redeemable Preference Shares carries the right to a fixed dividend of 0.1% per annum (exclusive of any imputed tax credit available to shareholders) on the nominal amount thereof, but confers no right to vote except as otherwise agreed by the holders of a majority of the Shares. On a winding-up the Redeemable Preference Shares confer the right to be paid the nominal amount paid on such shares. The Redeemable Preference Shares are redeemable at any time by the Company and by the holder at any time after the Minimum Subscription Threshold is raised under the Offer. Each Redeemable Preference Share which is redeemed, shall, thereafter, be cancelled without further resolution or consent.

3.2.3 Rights attaching to the different share classes

Under the existing articles of association, the Company only has one share class, the Ordinary Shares.

Provided the Proposed Articles are adopted at the General Meeting, the following shall be the case. Each Ordinary and B Ordinary share shall have one vote on a poll and the right to vote on any matter of general relevance of application to the Company. The Ordinary Shares and the B Ordinary Shares also separately carry the right to vote on matters affecting their own class.

The Company shall identify which assets and liabilities of the Company belong to the Ordinary Share Pool and the B Ordinary Share Pool at the date of adoption of the Proposed Articles and thereafter going forward shall maintain separate records and accounts for each of those pools.

Initially, the B Ordinary Share Pool will consist of the net proceeds of the B Ordinary Share issue and thereafter the investments made by the Company for the B Ordinary Share Pool using those proceeds.

Costs and expenses which relate solely to one pool or the other will be allocated solely to that pool. Costs and expenses which relate to both pools will be allocated between the pools as the Board or the Manager believes most appropriate which will generally be *pro rata* to the net asset value of the respective pools. Dividends to Ordinary Shareholders may only be paid out of the Ordinary Share Pool and dividends to B Ordinary Shareholders may only be paid out of the B Ordinary Share Pool.

Ordinary Shareholders have the right to the assets in the Ordinary Share Pool and B Ordinary Shareholders have the right to the assets in the B Ordinary Share Pool whether on a winding up, return of capital or other distribution.

The Proposed Articles provide that the special reserve created by the cancellation of the share premium account in March 2014 following the launch of the Company shall be available to be used and/or allocated between the Ordinary Shares and the B Ordinary Shares, provided that there is no actual transfer of cash or investment assets between the two share classes as a result.

3.2.4 Transfer of Shares

Subject to paragraph 3.2.16 below, the Shares are in registered form and will be freely transferable. All transfers of Shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a Share shall be executed by or on behalf of the transferor and, in the case of a partly paid share by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid Share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless:

- 3.2.4.1 it is duly stamped (if so required), is lodged at the Company's registered office or with its registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and the due execution by him of the transfer;
- 3.2.4.2 it is in respect of only one class of share;
- 3.2.4.3 the transferees do not exceed four in number; and
- 3.2.4.4 if it is in respect of a Share on which the Company does not have a lien.

3.2.5 Dividends

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a Share shall bear interest as against the Company. There are no fixed dates on which entitlement to a dividend arises.

All dividends unclaimed for a period of six years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

Provided the Proposed Articles are adopted at the General Meeting, the following shall be the case. The Ordinary Shareholders shall be entitled to dividend payments from the Ordinary Share Pool but not the B Ordinary Share Pool of assets. The B Ordinary Shareholders shall be entitled to dividend payments from the B Ordinary Share Pool but not the Ordinary Share Pool of assets.

3.2.6 Disclosure of Interest in Shares

If any member or other person appearing to be interested in shares of the Company is in default in supplying within 42 days (or 28 days where the shares represent at least 0.25% of its share capital) after the date of service of a notice requiring such member or other person to supply to the Company in writing all or any such information as is referred to in section 793 of the CA 2006, the Directors may, for such period as the default shall continue, impose restrictions upon the relevant shares.

The restrictions available are the suspension of voting or other rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and additionally in the case of a shareholder representing at least 0.25% by nominal value of any class of shares of the Company then in issue, the withholding of payment of any dividends on, and the restriction of transfer of, the relevant shares.

3.2.7 Distribution of Assets on Liquidation

On a winding-up any surplus assets of the Company will be divided amongst the holders of its Shares according to the respective numbers of Shares held by them in the Company and in accordance with the provisions of the CA 2006, subject to the rights of any shares which may be issued with special rights or privileges. The articles of association provide that the liquidator may, with the sanction of a resolution and any other sanction required by the CA 2006, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

Provided the Proposed Articles are adopted at the General Meeting, the following shall be the case.

The Ordinary Shares shall have the right to the net assets attributable to the Ordinary Share Pool on a *pro rata* basis relative to the number of Ordinary Shares held. The B Ordinary Shares shall have the right to the net assets attributable to the B Ordinary Share Pool on a *pro rata* basis relative to the number of B Ordinary Shares held.

3.2.8 Changes in Share Capital

- 3.2.8.1 Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the CA 2006, the Company may issue shares, which are, or at the option of the Company or the holder are, liable to be redeemed.
- 3.2.8.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, sub-divide its shares or any of them into shares of smaller amounts, or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.
- 3.2.8.3 Subject to the CA 2006, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the CA 2006 (and by resolution of the holders of the shares repurchased where such shares are convertible shares), purchase its own shares.
- 3.2.9 The Proposed Articles provide for the special reserve resulting from the cancellation of the Company's share premium account in March 2014 following the initial Ordinary Share issue to be available for use in relation to dividends on and share buy backs of all share classes of the Company, including the B Ordinary Shares.

3.2.10 Variation of Rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the nominal amount of the issued shares of the class or with the sanction of a resolution passed at a separate meeting of such holders.

3.2.11 Directors

Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than two or more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be less than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or additional Directors to make up such minimum or shall convene a General Meeting of the Company for the purpose of making such appointment.

Any Director may in writing under his hand appoint (a) any other Director, or (b) any other person who is approved by the Board of Directors to be his alternate. A Director may at any time revoke the appointment of an alternate appointed by him. Every person acting as an alternate Director shall be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be the agent of or for the Director appointing him.

Subject to the provisions of the CA 2006, the Directors may from time to time appoint one or more of their body to be Managing Director or Joint Managing Directors of the Company or to hold such other executive office in relation to the management of the business of the Company as they may decide.

A Director of the Company may continue or become a Director or other officer, servant or member or any company promoted by the Company or in which it may be interested as a vendor shareholder, or otherwise, and no such Director shall be accountable for any remuneration or other benefits derived as director or other officer, servant or member of such company.

The Directors may from time to time appoint a president of the Company (who need not be a Director of the Company) and may determine his duties and remuneration and the period for which he is to hold office.

The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality, whether at home or abroad, in such manner as they think fit.

3.2.12 Directors' Interests

- 3.2.12.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the CA 2006, the nature of his interest.
- 3.2.12.2 Provided that he has declared his interest in accordance with paragraph 3.2.12.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested.

No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.

3.2.12.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through the Company, unless his interest arises only because the case falls within one or more of the following paragraphs:

- 3.2.12.3.1 the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- 3.2.12.3.2 the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- 3.2.12.3.3 any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;
- 3.2.12.3.4 any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he does not to his knowledge hold an interest in shares representing one per cent or more of any class of the equity share capital of such company or of the voting rights available to members of the company;
- 3.2.12.3.5 any proposal relating to a superannuation fund or retirement benefits scheme which either relates to both employees and Directors of the Company or has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
- 3.2.12.3.6 any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and
- 3.2.12.3.7 any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.

3.2.12.4 When proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

3.2.13 Remuneration of Directors

3.2.13.1 Subject to paragraph 3.2.13.3 below, the ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees from the Company, shall not exceed £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

3.2.13.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.

3.2.13.3 The emoluments and benefits of any executive director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their dependants or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependants on or after retirement or death.

3.2.14 Retirement of Director

A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. A Director shall be capable of being appointed or re-appointed a Director despite having attained any particular age.

3.2.15 Borrowing Powers

Subject as provided below, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital.

The Company's power to borrow money is subject to the aggregate principal amount outstanding not exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet). Provided the Proposed Articles are adopted at the General Meeting, the test shall be the aggregate principal amount outstanding at the time of borrowing rather than from time to time.

3.2.16 Uncertificated Shares

CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument, was introduced in July 1996. The articles of association and the Proposed Articles are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertificated Securities Regulations 1995.

The Company anticipates that it will enter the CREST system on admission of the Shares to the London Stock Exchange.

3.2.17 General Meetings

Annual general meetings shall be held at such time and place as may be determined by the Directors and not more than fifteen months shall elapse between the date of one general meeting and that of the next.

The Directors may, whenever they think fit, convene a general meeting of the Company, and general meetings shall also be convened on such requisition or in default may be convened by such requisitions as are provided by the CA 2006. Any meeting convened by requisitions shall be convened in the same manner as near to as possible as that in which meetings are to be convened by the Directors.

An annual general meeting shall be called by not less than twenty-one days' notice in writing, and all other general meetings of the Company shall be called by not less than fourteen days' notice in writing. The notice shall be exclusive of the day on which it is given and of the day of the meeting and shall specify the place, the day and hour of meeting, and in case of special business the general nature of such business. The notice shall be given to the members, other than those who, under the provisions of the articles or the terms of issue of the shares they hold, are not entitled to receive notice from the Company, to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an ordinary resolution as the case may be shall specify the intention to propose the resolution as such.

In every notice calling a meeting of the Company or any class of the members of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him, and that a proxy need not also be a member.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than fourteen days and not more than twenty-eight days hence) and at such place as the Chairman shall appoint. At any such adjourned meeting the member or members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

The Company shall give not less than ten clear days' notice of any meeting adjourned for the want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum.

The Chairman may, with the consent of the meeting (and shall, if so directed by the meeting) adjourn any meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

3.2.18 Duration

The Directors shall, prior to the date of circulation of the relevant notice to shareholders convening the tenth annual general meeting of the Company following the Admission of Shares, draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at the tenth annual general meeting. The Directors shall use all reasonable endeavours to ensure that such proposals for the voluntary liquidation, unitisation or other reorganisation of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution. The Directors may, if they determine that it is reasonably desirable for the orderly realisation of investments by the Company, resolve to extend

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the date for the consideration and such submission of such proposals so that proposals are considered at the next following annual general meeting, provided that the Directors may only resolve to defer the submission of such proposals to the members of the Company to no later than at the thirteenth annual general meeting.

4. Directors and Other Interests in the Company

- 4.1 DTR 5 of the Disclosure and Transparency Rules requires a Shareholder to notify the Company of the percentage of its shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds. The Company will make such information public through a Regulatory Information Service. With the exception of Roy Nominees Limited, which as at 1 October 2014, being the last practicable date prior to publication of the document, holds 4,109,000 Ordinary Shares (being 22.6% of the issued share capital of the Company as at 1 October 2014), neither the Company nor the Directors are aware of any person who, not being a member of its administrative, management or supervisory bodies, as at the date of this document or immediately after the Offer (assuming full subscription), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or who is interested directly or indirectly in 3% or more of the issued share capital of the Company.
- 4.2 The interests of the Directors and their immediate families in the share capital of the Company, all of which are beneficial, as they are expected to be following the Offer, and of persons connected to the Directors and their immediate families and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director will be as set out below together with the percentages which such interests represent of the Shares in issue assuming that the Offer is fully subscribed (with the over-allotment facility being utilised in full):

Director	Number of Ordinary Shares	Percentage of Ordinary Shares in issue	Number of B Ordinary Shares	Percentage of B Ordinary Shares in issue
Peter Dubens	400,000	2.2%	400,000	1.1%
Laurence Blackall	200,000	1.1%	100,000	0.3%
Jonathan Djanogly	25,000	0.1%	25,000	0.1%

All the Ordinary Shares have the same rights relative to each other and all the B Ordinary Shares have the same rights relative to each other and there are no different rights attaching to the Shares held by the Directors within the relevant class attaching to the Shares in the table above.

- 4.3 Save as disclosed above, no Director nor any person connected with any Director has any interest in the share capital or loan capital of the Company whether beneficial or non-beneficial and save as disclosed in paragraph 4.2 above, no shares in the capital of the Company are being reserved for allocation to existing shareholders or Directors.
- 4.4 The Company's major shareholders do not have different voting rights.
- 4.5 Peter Dubens is a member of the Promoter and also a member of the Manager (holding a minority and majority of the membership interest respectively). As the investment manager of the Company, the Manager is a related party for the purposes of the Listing Rules of the FCA. By virtue of the Promoter being an associate of Peter Dubens for the purposes of the Listing Rules, any transactions between the Manager and the Company, or the Promoter and the Company are potentially related party arrangements. Consequently, the Company is to seek approval from shareholders at the general meeting to be held on 3 November 2014, as referred to in section 2.4 above, to approve the payment of the promoter fee to the Promoter in relation to the Offer (as described in paragraph 5.6 below) and to approve the adoption of new performance incentive arrangements (as described in paragraph 5.3 below).
- 4.6 No Director is or has since the period from the Company's incorporation 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 and remains in any respect outstanding or unperformed.
- 4.7 No loans made or guarantees granted or provided by the Company to or for the benefit of any Director are outstanding.
- 4.8 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 15 February 2013 each of which is terminable upon three months' notice given by the Company to expire at any time on or after the date 15 months from the date of the relevant letter, and which are summarised at paragraph 5.4 below.

Part 4 – Additional Information continued

All the Directors are non-executive. Save in respect of these letters of appointment, no member of any administrative, management or supervisory body has a service contract with the Company.

- 4.9 There are no family relationships between any of the Directors or members of the Manager or between any of the Directors and the members of the Manager.
- 4.10 During the five years immediately prior to the date of this document the Directors have been members of the administrative, management or supervising bodies or parties of the companies and partnerships specified below (excluding subsidiaries of any company of which he is also a member of the administrative, management or supervisory body):

Current Directorships and partnership interests	Previous Directorships and partnership interests
<p>Jonathan Djanogly 2 & 3 Angel Court Management Company Limited CGLV Limited Pembroke VCT plc The Djanogly Family LLP</p>	<p>Canalside Studio Management Limited SJ Berwin LLP Plumtree Services Limited</p>
<p>Laurence Blackall Blackweir Inns Limited Colourweir Inns Limited Cybertrends Limited Daisy Group plc Headland Media Limited Manoir Hotels Limited EXMS 11 Limited Pembroke VCT plc Shadeweir Inns Limited Oakley Capital Investments Limited</p>	<p>Avesco Group plc Blueweir Inns Limited (dissolved) Brownweir Inns Limited (dissolved) Coastal Living Limited (dissolved) Flexiant Corporation Limited Flexiant Limited Greenweir Inns Limited (dissolved) Greyweir Inns Limited (dissolved) Host Europe Corporation Ltd* Navyweir Inns Limited (dissolved) Orangeweir Inns Limited (dissolved) Pinkweir Inns Limited (dissolved) Purpleweir Inns Limited (dissolved) Redweir Inns Limited (dissolved) Whiteweir Inns Limited (dissolved) Yellowweir Inns Limited (dissolved)</p>
<p>Peter Adam Daiches Dubens 5GFR LLP Avondale Film Partnership Boat Bidco Limited Boat International Group Limited Daisy Group plc Emplane Limited Global Licensing Limited Harwood Film Partnership LLP Kizbel (Bermuda) Limited KX Café UK Limited KX Group Holding Limited KX Gym UK Limited KX Holdings Limited KX Spa UK Limited KXDNA Limited NSG (Bermuda) Limited Oakley Absolute Return Limited Oakley Capital (8th Floor) Limited Oakley Capital (Bermuda) Limited Oakley Capital Corporate Finance LLP Oakley Capital Founder Member Limited</p>	<p>123-Reg Limited Aerofone (UK) Limited Anglia Telecom Centres Limited Broadstone Group Executive Limited CIX Holdings Limited Compulink Information Exchange Limited Daisy Communications Ltd Daisy Data Centre Solutions Limited Daisy Data Solutions Limited Daisy Digital Limited Daisy Telecoms Limited Defries & Haim Limited (dissolved) Donhost Limited Faultbasic Limited Freedom 4 Access Limited Freedom 4 Limited GX Networks UK Limited Helix Holdco Limited (dissolved) Host Europe Corporation Limited* Host Europe Eight Limited Host Europe Five Limited (dissolved)</p>

Part 4 – Additional Information continued

Current Directorships and partnership interests	Previous Directorships and partnership interests
Peter Adam Daiches Dubens (continued)	
Oakley Capital GP II Limited	Host Europe Four Limited*
Oakley Capital GP Limited	Host Europe Group Limited*
Oakley Capital Interests Limited	Host Europe Holdings Limited*
Oakley Capital Investments Limited	Host Europe Limited
Oakley Capital Limited	Host Europe Nine Limited*
Oakley Capital Management (Bermuda) Limited	Host Europe One Limited (dissolved)
Oakley Capital Management Limited	Host Europe Six Limited (dissolved)
Oakley Capital Partners LLP	Host Europe Three Limited (dissolved)
Oakley Investment Managers LLP	Host Europe Two Limited (dissolved)
Oakley Opportunities Fund Limited	Host Europe WVS Limited
Palmer Capital Associates Limited	Keboko Limited
Palmer Capital Associates Limited	Magic Moments Investments Limited (dissolved)
Palmer Capital Associates Management Limited	Murphx Innovative Solutions Limited
Palmer Capital LLP	My Servassure Limited
Pembroke Investment Managers LLP	Oakley Marine Limited (dissolved)
Pembroke Managers Limited	Star Air Media (Group) Limited
Pembroke VCT 2 plc	Star Air Media (Holdings) Limited
Pembroke VCT plc	Supanames Limited
Principia Capital Management Limited	Symphony Telecom Limited
Principia Fund Management (Bermuda) Limited	Temporary Name Limited (dissolved)
Profounders Capital Limited	The Tom Aikens Group Limited
The First Mezzanine Film Fund LLP	Transigent Limited
The Second Mezzanine Film Fund Limited Liability Partnership	Vialtus Holdings Limited
Time Out Group BC Limited	Vialtus Limited
Time Out Group HC Limited	Vialtus Solutions Limited
Time Out Group MC Limited	Webfusion Internet Limited
Time Out New York Limited	Webfusion Internet Solutions Limited
	Webfusion Limited
	XTML Limited

* In solvent liquidation

- 4.11 None of the Directors or members of the Manager in the five years prior to the date of this Prospectus:
- 4.11.1 save as set out in paragraph 4.10 above, is currently a director of a company or a partner in a partnership or has been a director of a company or a partner in a partnership within the five years immediately preceding the date of this document;
 - 4.11.2 has any unspent convictions in relation to fraudulent offences;
 - 4.11.3 has had any bankruptcies, receiverships or liquidations through acting in the capacity of a member of any administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; and
 - 4.11.4 has had any official public recriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative management or supervisory bodies of any company or firm acting, or in the management or conduct of the affairs of, any company.
- 4.12 Save as noted in paragraph 4.2 above, no Shares are being reserved for allocation to existing Shareholders or Directors.
- 4.13 The Company has taken out directors' and officers' liability insurance for the benefit of the Directors.
- 4.14 The estimated aggregate remuneration, including benefits in kind, to be paid to the Directors by the Company in the financial period ending 31 March 2015, based on the arrangements currently in place with each Director, will not exceed £100,000.
- 4.15 Save insofar as Peter Dubens is a member of the Manager (holding the majority of the membership interest), no Director or member of the Management Team has any conflict of interest between his duties to the Company and their private interests or other duties.

Part 4 – Additional Information continued

- 4.16 There are no restrictions agreed by any Director or member of the Manager on the disposal within a certain time period of their holdings in the Company's securities.
- 4.17 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors or members of the Manager.
- 4.18 None of the directors or members of the Manager have any service contract with the Company providing for benefits upon termination of employment. See paragraph 5.4 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committee of the Company (the "Committee") comprises all of the members of the Board of Directors and shall meet at least twice a year. The Company's auditors may be required to attend such meetings. The Committee shall prepare a report each year addressed to the Shareholders for inclusion in the Company's annual report and accounts. The duties of the Committee are, *inter alia*:
- 4.19.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
- 4.19.2 to review management accounts;
- 4.19.3 to consider the appointment of the external auditor, the level of audit fees and to discuss with the external auditor the nature and scope of the audit; and
- 4.19.4 to consider matters of corporate governance as may generally be applicable to the Company and make recommendations to the Board in connection therewith as appropriate.
- The Company does not have a remuneration committee.

5. Material Contracts

The following constitutes a summary of the principal contents of each material contract entered into by the Company, otherwise than in the ordinary course of business, in the period commencing on the incorporation of the Company and ending on the date of this document or which are expected to be entered into prior to Admission. There are no other contracts, not being contracts entered into in the ordinary course of business, entered into by the Company which contain any provision under which the Company has an obligation or entitlement which is material to the Company as at the date of this document:

5.1 Launch Offer Agreement

Under the Launch Offer Agreement dated 15 February 2013 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4) and the Promoter (5), the Sponsor agreed to act as sponsor to the Launch Offer and the Promoter undertook as agent of the Company to use its reasonable endeavours to procure subscribers under the Launch Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of Shares. Under the Launch Offer Agreement, the Company agreed to pay the Promoter a commission of 2.0% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Launch Offer.

The Promoter agreed to pay all costs and expenses of or incidental to the Launch Offer and the admission of the Ordinary Shares to listing and to trading. The total initial costs payable by the Company in relation to the Launch Offer were, under the Launch Offer Agreement, thereby limited to 2.0% of the gross proceeds of the Launch Offer.

Under the Launch Offer Agreement, the Manager, the Promoter, the Company and the Directors gave certain warranties and indemnities. Warranty claims had to be made by no later than 60 days after the date of the publication of the audited accounts of the Company for the accounting year ending 31 March 2014. The warranties and indemnities were in usual form for a contract of this type and the warranties were subject to limits of £100,000 for the Promoter and £2,000,000 for the Manager, and one year's director fees for each Director. The Company also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Launch Offer Agreement. The Launch Offer Agreement could be terminated, *inter alia*, if any statement in the prospectus relating to the Launch Offer was untrue, any material omission from the prospectus arose or any breach of warranty occurred.

5.2 Investment Management Agreement

An agreement (the "IMA") dated 15 February 2013 and made between the Company and Oakley Capital Management Limited whereby Oakley Capital Management Limited agreed to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments. On 1 July 2014 the IMA was novated to the Manager.

Part 4 – Additional Information continued

The Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2.0% of Net Asset Value. Otherwise the Manager will receive an annual management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2.0% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. Assuming full subscription of 35,000,000 B Ordinary Shares, the Manager anticipates that the Annual Running Costs (disregarding the annual management fee payable) will be approximately 0.5% of Net Asset Value. The Manager is also entitled to reimbursement of expenses incurred in performing its obligations.

The Manager will also receive a performance fee (exclusive of VAT) of 20% of any amounts distributed to Shareholders in excess of £1 per Share (the "Performance Fee"). As amended by the Investment Management Agreement Amendment Agreement in paragraph 5.3 below, and which amendment is subject to shareholder approval, the Performance Fee is calculated separately on the Ordinary Shares and the B Ordinary Shares and the Performance Fee on the Ordinary Shares is conditional on Ordinary Shareholders having received a return of 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Ordinary Share as from 20 January 2014 in respect of the Ordinary Shares issued pursuant to the Launch Offer and from 31 March 2014 in respect of Ordinary Shares issued under the Top Up Offer. A 3% hurdle rate applies in relation to the Performance Fee in respect of amounts paid to B Ordinary Shareholders as summarised in paragraph 5.3 below. Where, at the time of a distribution there have been previous distributions to the Ordinary Shareholders, the return will be calculated from the day after the previous distribution date on the total amount subscribed per Share by Shareholders but reduced by the aggregate amount of such previous distributions made on a per Share basis. For the purposes of calculating performance related incentive fees, account will be taken of all forms of distributions that may be made by the Company and as well as dividends, will include share buy backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received or deemed to be received by Shareholders (excluding any income tax relief on subscription).

The foregoing provisions of the IMA in relation to the Performance Fee are proposed to be varied by the Investment Management Agreement Amendment Agreement, as summarised below at paragraph 5.3. A summary of how the amended Performance Fee will operate is found in the section "Performance Incentive Fee" under the "Manager, Management Arrangements and Costs" section on page 48 of this document. The Performance Fee arrangements in respect of the Ordinary Shares are not being amended at this time and will not be affected if Shareholder approval to the fee arrangements in the Investment Management Agreement Amendment Agreement were to be withheld.

The Manager is entitled to receive and retain entirely for its own use and benefit all other transaction fees, directors' fees, monitoring fees, consultancy fees, corporate finance fees, introductory fees, syndication fees, exit fees, commissions and refunds of commission received by the Manager in connection with the management of the investment portfolio of the Company.

The appointment will continue until terminated on 12 months' notice in writing given by either party at any time after the tenth anniversary of the commencement date. The IMA is subject to earlier termination by either party in certain circumstances.

When conflicts occur between the Manager and the Company because of other activities and relationships of the Manager, the Manager will ensure that the Company receives fair treatment. Such conflicts will be disclosed to the Company.

The Manager may make investments on behalf of the Company in collective investment vehicles of which it is manager or in companies where the Manager has been involved in the provision of services to those companies and may receive commissions, benefits, charges or advantage from so acting.

Any fees arising in connection with investments made by the Company in Oakley Funds (if any) will be discharged by the Manager. There will be no duplication of fees in such situations.

5.3 Investment Management Agreement Amendment Agreement

Subject to shareholder approval of the performance incentive arrangements for the B Ordinary Shares, the Manager and the Company intend to enter into an amendment agreement to the IMA providing the following (the "Investment Management Agreement Amendment Agreement"):

- (a) the Performance Fee (as described in paragraph 5.2 above) would be applied on the B Ordinary Shares on the same basis as on the Ordinary Shares but with a hurdle rate of 3% per annum; and
- (b) the Manager will agree formally to act as Alternative Investment Fund Manager to the Company.

5.4 Directors' Letters of Appointment

Each of the Directors has entered into an agreement with the Company dated 15 February 2013 as referred to in paragraph 4.7 above whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £20,000 and each other Director an annual fee of £15,000. Each party can terminate the relevant agreement by giving to the others at least three months' notice in writing to expire at any time on or after the date 15 months from the respective commencement date of the letter. In respect of the Reporting Period Jonathan Djanogly received £19,726 and Laurence Blackall received £14,795. Peter Dubens has agreed not to draw a fee before 15 months have elapsed from the date of the first allotment of Ordinary Shares by the Company under the Launch Offer.

5.5 Administration Agreement

An agreement dated 15 February 2013 and made between the Company and the Administrator whereby the Administrator provides certain administration, accounting and company secretarial services to the Company in respect of the period from admission of the Ordinary Shares until the termination of the Administration Agreement. It was agreed that the Company would pay an annual fee of between £30,000 and £50,000 (plus VAT at the relevant rate) payable quarterly in advance, the exact amount of the fee depending on the gross funds raised under the Launch Offer (at the date of this document the annual fee payable in the current financial period is £43,140 (plus VAT at the relevant rate)). On 3 October 2014 the Company and the Administrator entered into an amendment agreement to the Administration Agreement under which, reflecting the additional work and assets of the Company following the B Ordinary Share issue, and conditional on the B Ordinary Share issue going ahead, the annual fee was increased to between £55,000 and £75,000 (plus VAT at the relevant rate) the exact amount of the fee depending on the aggregate gross funds raised under the Offer, Top Up Offer and the Launch Offer and increasing annually in line with RPI.

The Administration Agreement will continue for a period of one year from the first allotment of Ordinary Shares under the Launch Offer and thereafter is terminable by either party giving six months' written notice, on or after the initial one year period, but subject to early termination in certain circumstances.

5.6 Offer Agreement

Under an Offer Agreement dated 3 October 2014 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4) and the Promoter (5), the Sponsor has agreed to act as sponsor to the Offer and the Promoter has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers under the Offer. The Company will be entitled to any interest earned on subscription monies prior to the allotment of Shares. Under the Offer Agreement, the Company will pay the Promoter a commission of 2.0% of the aggregate value of accepted applications for Shares received pursuant to the Offer.

The Promoter will pay all costs and expenses of or incidental to the Offer and Admission, and subject to shareholder approval at the General Meeting, the Company shall pay the promoter fee to the Promoter. Total initial costs payable by the Company under the Offer Agreement will, therefore, be limited to 2.0% of the gross proceeds of the Offer.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Manager, the Promoter, the Company and the Directors have given certain warranties and indemnities. Warranty claims must be made by no later than 60 days after the date of the publication of the audited accounts of the Company for the accounting year ending 31 March 2015. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of £100,000 for the Promoter and £2,000,000 for the Manager, and one year's director fees for each Director. The warranties (but not the indemnities) given by the Company are subject to a limit of £2,000,000. The Company has also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

6. General

- 6.1 The principal place of business and registered office of the Company is at 3 Cadogan Gate, London SW1X 0AS. The telephone number of the Company is (020) 7766 6900. The Company has no subsidiaries or associated companies.
- 6.2 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 6.3 The Company has not nor has it had since incorporation any employees and it neither owns nor occupies any premises.

Part 4 – Additional Information continued

- 6.4 The Manager will receive management fees and other payments from the Company as described in paragraph 5 above. The Promoter will receive commission payments in relation to the Offer from the Company as described in paragraph 5 above.
Save as disclosed in this paragraph and in paragraph 5 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.
- 6.5 The Company's accounting reference date is 31 March in each year.
- 6.6 The Manager is Oakley Investment Managers LLP, which is authorised and regulated by the Financial Conduct Authority and whose principal place of business is at 3 Cadogan Gate, London SW1X 0AS. The principal legislation under which it operates is the Limited Liability Partnerships Act 2000.
- 6.7 The initial issue price of 100 pence per B Ordinary Share represents a premium of 99 pence per B Ordinary Share over the nominal value of such Shares and is payable in full on application.
- 6.8 The Offer is not underwritten. The expenses of and incidental to the Offer and the listing of the B Ordinary Shares including registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses will be payable by the Promoter on the terms set out in the Offer Agreement. If the maximum of £25 million is raised under the Offer (with the over-allotment facility not being utilised) the net proceeds will amount to approximately £24,500,000. If the over-allotment facility is utilised, and the maximum of £35 million is raised, the net proceeds will amount to approximately £34,300,000. If the Minimum Subscription Threshold is raised the net proceeds will be £4,900,000.
- 6.9 Save in connection with the Offer, B Ordinary Shares have not been marketed to and are not available to the public. Market makers will be offered the opportunity to subscribe for B Ordinary Shares under the Offer.
- 6.10 Grant Thornton UK LLP has been the only auditor of the Company since its incorporation. It is registered by the Institute of Chartered Accountants in England & Wales as auditors.
- 6.11 The Company has given notice to the Registrar of Companies, pursuant to section 833 of the CA 2006, of its intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income.
- 6.12 Save for the fees paid to the Directors of the Company as detailed in paragraph 5.4 above, the fees payable for investment adviser services under the IMA respect of the Reporting Period (being £129,391), the fees payable to the Promoter for its services in relation to the Launch Offer and the Top Up Offer (totalling £362,824), and the irrevocable and unconditional commitments to subscribe for B Ordinary Shares from each Director (being £400,000 by Peter Dubens, £100,000 by Laurence Blackall and £25,000 by Jonathan Djanogly) there have been no other related party transactions or fees paid by the Company for the Reporting Period, or since 31 March 2014 to the date of this document.
- 6.13 The Company has, since the date of incorporation, published audited financial statements to 31 March 2014.
- 6.14 The Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least the next twelve months following the date of this document.
- 6.15 The Offer will not proceed if the Minimum Subscription Threshold is not reached by 2 April 2015. The Minimum Subscription Threshold may be reduced at the discretion of the Board (to no less than £3 million) through a Regulatory Information Service announcement.
- 6.16 The following table shows the capitalisation for the Company as at 30 June 2014.

Shareholders' equity	£
Called up share capital	181,412
Legal reserve (share premium account)	1,599,724
Other reserves (excludes revenue reserve)	16,433,477
Total	18,214,613

There has been no material change in the capitalisation of the Company since 30 June 2014.

- 6.17 As at the date of this Prospectus the Company did not have loan capital outstanding, any other borrowings nor guaranteed, unguaranteed, secured and unsecured indebtedness, including indirect and contingent indebtedness.
- 6.18 The Company does not assume responsibility for the withholding of tax at source.
- 6.19 The Company does not intend to appoint an external custodian, and will hold the assets in the name of the Company.

Part 4 – Additional Information continued

- 6.20 The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out in Part 3 of this document. In addition, the following restrictions are imposed upon the Company under the rules relating to admission to the Official List:
- 6.20.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
 - 6.20.2 it must not invest more than 10% in aggregate, of the value of its total assets (at the time the investment is made) in other listed closed-ended investment funds except listed closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment funds; and
 - 6.20.3 it must manage and invest its assets in accordance with the investment policy set out on pages 32 and 33 which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes maximum exposure.
- 6.21 Shareholders will be informed, by means of the interim and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 6.22 The Manager has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in this document in the form and context in which they are included.
- 6.23 The Manager accepts responsibility for the financial information contained in or referred to on pages 26 to 29, 36 to 47 and 72 of this document, and which are referenced in this paragraph 6.23. Such information has been included, in the form and context in which it appears, with the consent of the Manager, who has authorised, and takes responsibility for, such information under rule 5.5.3(2)(f) of the Prospectus Rules. To the best of the knowledge and belief of the Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import.
- 6.24 The Offer has been sponsored by Howard Kennedy Corporate Services LLP whose offices are at 19 Cavendish Square, London W1A 2AW and which is authorised and regulated by the Financial Conduct Authority. The Sponsor has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.25 The Offer is being promoted by Palmer Capital LLP whose registered office is at 3 Cadogan Gate, London SW1X 0AS and which is authorised and regulated by the Financial Conduct Authority. The Promoter has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.26 PricewaterhouseCoopers LLP is the VCT tax adviser to the Company. PricewaterhouseCoopers LLP has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.27 The issued share capital of the Company as at the date of this document is 18,141,202 Ordinary Shares. Assuming a full subscription of 35,000,000 (with the over-allotment facility fully utilised), the existing 18,141,202 Ordinary Shares would represent 34.1% of the enlarged issued share capital of the Company.
- 6.28 As at 31 March 2014, the date to which the most recent audited financial information on the Company has been drawn up, the NAV per Ordinary Share was 100.55p.
- 6.29 The information contained in this document sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render such information inaccurate or misleading. Where such information has been included in this document, the source of that information has been identified.
- 6.30 The results of the Offer will be announced through a regulatory information service within three Business Days of the closing date of the Offer.
- 6.31 The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offer. The Offer is expected to close on or before 12 noon on 2 April 2015, unless previously extended by the Directors to a date no later than 18 September 2015. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 6.32 **Information on the terms and conditions of the Offer will be given to investors by financial intermediaries at the time that the Offer is introduced to investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph 6.31.**

Part 4 – Additional Information continued

7. Financial Information

A. Introduction

The Company's auditors are Grant Thornton UK LLP, registered auditor, of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP and regulated by the Institute of Chartered Accountants in England and Wales. They have been the only auditors of the Company since its incorporation on 26 November 2012.

The financial information in relation to the Company contained in the following section of this Part 4 has been extracted without material adjustment from the audited statutory accounts of the Company for the financial period commencing on the incorporation of the Company on 26 November 2012 and ending on 31 March 2014 (the "Reporting Period"), in respect of which the Company's auditors made unqualified reports under section 495, section 496 and section 497 of the 2006 Act and which have been delivered to the Registrar of Companies and such accounts did not contain any statements under section 498 (2) or (3) of the 2006 Act, as applicable.

B. Published Annual Report and Accounts for the Reporting Period

Historical Financial information

The annual report for the Reporting Period contains a description of the Company's financial condition, changes in financial condition and results of operation for the relevant Reporting Period and the pages of this report referred to below are being incorporated by reference.

Where this document makes reference to other documents, such other documents, together with those pages of the annual report that are not referred to below, are not relevant to investors and are not incorporated into and do not form part of this document.

Such information includes the following:

Nature of information	Audited annual report for the Reporting Period
Income statement	Page 33
Reconciliation of movements in shareholders' funds	Page 36
Balance sheet	Page 34
Cash flow statements	Page 35
Accounting policies	Page 37-38
Notes to the accounts	Page 37-47
Independent auditor's reports	Page 30-31

Operating and Financial Review

Nature of information	Audited annual report for the Reporting Period
Chairman's statement	Page 5
Investment Adviser's Review	Page 8-17
Statutory Reports	Page 19-29

Copies of the annual report of the Company are available free of charge at its registered office or from its website, the address of which is <http://www.pembrokevct.com/>. The announcement of the results of the Company is available on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-markets>.

The Company's treasury activities are controlled by the Manager, subject always to the direction and supervision of the board. Cash and cash equivalents are held only in sterling and no other currencies. The Company does not have any borrowing. Financial instruments may from time to time be used for hedging purposes as described in more detail in the description of the Company's investment policy. The Company requires liquidity in order to meet its operating costs of which the most significant is the investment management fee. The Company maintains cash reserves suitable to meet its operating commitments.

Part 4 – Additional Information continued

C. No Significant Change

Since 31 March 2014 (being the end of the last financial period of the Company for which audited financial information has been published), there has been no significant change in the financial or trading position of the Company.

D. Investment Portfolio of the Company

The investment portfolio of the Company as at the date of this document is as follows (the valuations being the audited valuations as at 31 March 2014 plus additions to the portfolio since that date shown at cost):

	Cost £	Movement in valuation £	Valuation as at 31 March 2014 £
(a) Unlisted equity investments			
Plenish	225,000	77,533	302,533
Kat Maconie	320,000	–	320,000
BoomCycle	257,820	–	257,820
La Bottega	690,000	–	690,000
Troubadour Goods	440,000	–	440,000
KX Gym	700,000	385,499	1,085,499
Chucs Bar and Grill Ltd	264,278	–	264,278
Chilango	449,850	145,190	595,040
Bella Freud	250,000	–	250,000
Dilly & Wolf	120,000	–	120,000
Boat International	1,700,000	–	1,700,000
Chucs Ltd	650,039	–	650,039
Rated People	489,978	–	489,978
Zenos	500,000	–	500,000
Second Home	525,074	–	525,074
	7,582,039	608,222	8,190,261
(b) Loan stock investments			
La Bottega	1,000,000	–	1,000,000
Premium fast food restaurant chain	471,200	–	471,200
Boat International	400,000	–	400,000
Chucs Ltd	140,000	–	140,000
	2,011,200	–	2,011,200
Total fixed asset investments	9,593,239	608,222	10,201,461
Current asset investments	–	–	–
Debtors	1,798,324	–	1,798,324
Creditors	(779,332)	–	(779,332)
Cash	7,019,865	–	7,019,865
Total assets	17,632,096	608,222	18,240,318

8. Takeovers And Mergers

A. Mandatory takeover bids

The City Code on Takeovers and Mergers (the “Code”) applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing. The Takeovers Directive was implemented in the UK in May 2006 and since 6 April 2007 has effect through the CA 2006. The Directive applies to takeovers of companies registered in an EU member state and admitted to trading on a regulated market in the EU or EEA.

The Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company the other holders of securities must be protected. This is reinforced by Rule 9 of the Code which requires that a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30% or more of the voting rights to make a general offer. “Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person, who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50% of the voting rights.

There are not in existence any current mandatory takeover bids in relation to the Company.

B. Squeeze out

Section 979 of the CA 2006 provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90% in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90%, of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, pay the consideration for the shares to the relevant Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the CA 2006 must, in general, be the same as the consideration available under the takeover offer.

C. Sell out

Section 983 of the CA 2006 permits a minority shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in a company which amount to not less than 90% in value of all the voting shares in the company and carry not less than 90%, of the voting rights. Certain time limits apply to this entitlement. If a shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

9. Documents for Inspection

Copies of the following documents are available for inspection at the offices of Howard Kennedy Corporate Services LLP, 19 Cavendish Square, London W1A 2AW, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offer:

- 9.1 the memorandum and articles of association of the Company;
- 9.2 the Proposed Articles;
- 9.3 the material contracts referred to in paragraph 5 above;
- 9.4 the documents referred to in paragraphs 6.22, 6.24 and 6.25 above;
- 9.5 this document.

Dated: 3 October 2014

Part 5 – Definitions

“2014/2015 Offer”	the offer for subscription of Shares under the Offer in respect of the 2014/2015 tax year as described in this document
“2015/2016 Offer”	the offer for subscription of Shares under the Offer in respect of the 2015/2016 tax year as described in this document
“Administration Agreement”	the administration, accounting and company secretarial services agreement between the Company and The City Partnership (UK) Limited dated 15 February 2013 (as amended from time to time)
“Admission”	the admission of the Shares allotted pursuant to the Offer to the premium segment on the Official List and to trading on the London Stock Exchange’s market for listed securities
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Annual Running Costs”	annual costs and expenses incurred by or on behalf of the Company in the ordinary course of its business (including those management fees payable to the Manager pursuant to the IMA – but excluding any performance incentive fees payable pursuant to that agreement – together with any irrecoverable value added tax on those annual costs and expenses)
“Applicant”	a person who makes an application whether by lodging an Application Form or otherwise in accordance with the Terms and Conditions
“Application Form”	the application form for use in respect of the Offer set out at the end of this document
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“B Ordinary Share Pool”	the pool of assets and liabilities allocated to the B Ordinary Shares in accordance with the Proposed Articles
“B Ordinary Shares”	B ordinary shares of 1 pence each in the capital of the Company
“Board” or “Directors”	the board of directors of the Company
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“CA 2006”	Companies Act 2006 (as amended)
“Company”	Pembroke VCT plc
“Conflicts Policy”	the conflicts policy of the Manager from time to time
“Disclosure & Transparency Rules”	the disclosure and transparency rules of the FCA
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EEA States”	the member states of the European Economic Area
“EV”	enterprise value
“FCA”	the Financial Conduct Authority

Part 5 – Definitions continued

“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of shareholders convened by the Company for 3 November 2014 at 3.00 pm at 3 Cadogan Gate, London SW1X 0AS to consider and if thought appropriate approve the proposals for the creation and issue of new B Ordinary Shares
“HMRC”	Her Majesty’s Revenue & Customs
“IMA”	the investment management agreement between the Company and the Manager dated 15 February 2013 (novated to the Manager on 1 July 2014) and amended on 3 October 2014 (as amended from time to time) and as described more fully in Part 4 of this document
“Independent Board”	those members of the Board from time to time who are independent of the Manager
“Investors”	individuals aged 18 or over who subscribe for Shares under the Offer (and “Investor” means any one of them)
“IRR” or “Internal Rate of Return”	the aggregate annual compound internal rate of return
“ISDX”	either the ISDX Main Board or the ISDX Growth Market, being markets on the ICAP Securities and Derivatives Exchange (which are the successor markets to the PLUS markets)
“ITA 2007”	Income Tax Act 2007 (as amended)
“Launch Offer”	the offer for subscription of Ordinary Shares further to a prospectus issued by the Company on 15 February 2013 and which closed on 31 January 2014
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Management Team”	the management team of the Company details of whose members are set out on page 30
“Manager”	Oakley Investment Managers LLP, which is authorised and regulated by the FCA
“Minimum Subscription Threshold”	the minimum subscription threshold for the Offer to proceed, being £5 million in gross proceeds, subject to adjustment in accordance with paragraph 6.15 of Part 4 of this document
“ML Regulations”	Money Laundering Regulations 2007 (as amended)
“NAV” or “net asset value”	net asset value
“Non-Qualifying Investments”	the assets of the Company that are not Qualifying Investments
“Oakley”	Oakley Capital Limited, which is authorised and regulated by the FCA
“Oakley Funds”	any funds managed by the Oakley Group from time to time
“Oakley Group”	together Oakley Capital Limited, Oakley Capital Management Limited, Oakley Investment Managers LLP and their associated group of businesses from time to time

Part 5 – Definitions continued

“Offer”	the offer for subscription by the Company as described in this document
“Official List”	the official list of the UKLA
“Ordinary Share Pool”	the pool of assets and liabilities allocated to the Ordinary Shares in accordance with the Proposed Articles
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Performance Fee”	the performance related incentive fee payable to the Manager as described on page 48 of this document
“Promoter”	Palmer Capital LLP, which is authorised and regulated by the FCA
“Proposed Articles”	the new articles of association proposed to be adopted by the Company subject to Shareholder approval at the General Meeting
“Prospectus”	this document dated 3 October 2014 relating to the Offer
“Prospectus Rules”	the prospectus rules of the FCA
“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Qualifying Investments”	shares in, or securities of, a Qualifying Company held by a VCT which meets the requirements described in chapter 4 of Part 6 ITA 2007
“Qualifying Limit”	the Investor’s subscription limit of £200,000 per tax year
“Qualifying Purchaser”	an individual who purchases Shares from an existing Shareholder and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
“Qualifying Subscriber”	an individual, aged 18 or over, who subscribes for Shares within the Qualifying Limit
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the FCA
“Reporting Period”	the period from incorporation of the Company on 26 November 2012 to 31 March 2014
“Retail Investor”	an Applicant who is not a Professional Client (as defined in section 3.5 of the FCA’s Conduct of Business Sourcebook)
“Shareholder”	a holder of Shares
“Shares”	ordinary shares of 1 pence each and/or B ordinary shares of 1 pence each in the capital of the Company as the context requires (and each a “Share”)
“Special Reserve”	the special distributable reserve created by the cancellation of the Company’s share premium account on 26 March 2014
“Statutes”	means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies insofar as it applies to the Company

Part 5 – Definitions continued

“Terms and Conditions”	the terms and conditions of the Offer set out in Part 6 of this Document
“Top Up Offer”	the top up offer made by the Company in 2014 following the close of the Launch Offer, and which closed on 31 March 2014
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“unquoted”	private or public companies not quoted on any market or exchange
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs

Part 6 – Terms and Conditions of Application

1. In these terms and conditions of application, the expression “Prospectus” means this document dated 3 October 2014. The expression “Application Form” means the application form for use in accordance with these Terms and Conditions of application and posting (or delivering by hand during normal business hours) it to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF or as otherwise indicated in this document or the Application Form.
2. The right is reserved to reject any application or to accept any application or to accept any application in part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Shares than the number applied for, or if in any other circumstances there is an excess paid on application the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained in a designated bank account in the name of the Receiving Agent.
3. You may pay for your application for Shares by cheque or bankers’ draft submitted with the Application Form. Application Forms accompanied by a post dated cheque will not be processed until the cheque can be presented and will not be treated as being received by the Receiving Agent until that date.
4. The contract created by the acceptance of applications in respect of allotment of Shares under the Offer will be conditional on (i) valid applications for an amount exceeding the Minimum Subscription Threshold being received before 12 noon on 2 April 2015 and (ii) Shareholders passing all the resolutions to be proposed at the General Meeting. If any of these conditions are not met, the Offer will be withdrawn and subscription monies will be returned to Investors at their own risk, without interest. The Offer is not underwritten.
5. By completing and delivering an Application Form, you:
 - i) offer to subscribe for the amount specified on your Application Form or any smaller sum for which such application is accepted in accordance with the Offer Price, the Prospectus, these Terms and Conditions of application and the Proposed Articles of the Company;
 - ii) authorise the Registrar of the Company to send a document of title for, or credit your account in respect of, the number of Shares for which your application is accepted and/or a cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - iii) agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the Company or to your financial adviser;
 - iv) warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive share certificates in respect of the Shares applied for until you make payment in cleared funds for such Shares and such payment is accepted by or on behalf of the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Sponsor, and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by or on behalf of the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such Shares and may issue or allot such Shares to some other person, in which case you will not be entitled to any payment in respect of such Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers’ draft accompanying your application, without interest;
 - v) agree that all cheques and bankers’ drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
 - vi) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Sponsor) to ensure compliance with the ML Regulations;
 - vii) agree that, in respect of those Shares for which your application has been received and is not rejected, your application may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Registrar;
 - viii) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and will be sent to you at the address supplied in the Application Form;
 - ix) agree that having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all the information and representations including the risk factors contained therein;
 - x) confirm that (save for advice received from your financial adviser) in making such an application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no

Part 6 – Terms and Conditions of Application continued

- person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
- xi) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or the Sponsor to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
 - xii) irrevocably authorise the Registrar and/or the Sponsor or any person authorised by either of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representative of the Registrar or of the Sponsor to execute any documents required therefor and to enter your name on the register of members of the Company;
 - xiii) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
 - xiv) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Registrar and/or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer of your application;
 - xv) confirm that you have read and complied with paragraph 6 below;
 - xvi) confirm that you have reviewed the restrictions contained in paragraph 7 below;
 - xvii) warrant that you are not under the age of 18 years;
 - xviii) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Registrar and/or the Sponsor will infringe any laws of any such territory or jurisdiction directly or indirectly as a result of in consequence of any acceptance of your application;
 - xix) agree that the Registrar and/or the Sponsor are acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Shares or concerning the suitability of Shares for you or be responsible to you for the protections afforded thereunder;
 - xx) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
 - xxi) warrant that you are not subscribing for the Shares using a loan which would not have been given to you or any associate or not have been given to you on such favourable terms, if you have not been proposing to subscribe for the Shares;
 - xxii) warrant that the Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not itself tax avoidance;
 - xxiii) warrant that you are not a “US Person” as defined in the United States Securities Act of 1933 (“Securities Act”) (as amended), nor a resident of Canada and that you are not applying for any Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US Person or a resident of Canada;
 - xxiv) warrant that: (i) your place of birth was not the USA, (ii) you do not have a current US residence or mailing address, (iii) you do not have a current US telephone number, (iv) you do not have a standing instruction(s) to pay amounts in your bank account to a US bank account, (v) you do not have a current power of attorney or signatory authority granted to a person with a US address, and (vi) you do not have an in-care-of or hold mail address that is the sole address you have provided to us;
 - xxv) warrant that the information contained in the Application Form is accurate; and
 - xxvi) agree that if you request that Shares are issued to you on a specific date, and such Shares are not issued on such date, that the relevant Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date.

Part 6 – Terms and Conditions of Application continued

6. No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application to satisfy him or herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The Shares have not been and will not be registered under the Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (“the USA”). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
8. This application is addressed to the Registrar and the Sponsor. The rights and remedies of the Registrar and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of the others.
9. The dates and times referred to in these Terms and Conditions of application may be altered by the Company with the agreement of the Sponsor.
10. The section headed Notes on Application Form forms part of these Terms and Conditions of application.
11. Investors should be aware of the following requirements in respect of the ML Regulations for applications of the sterling equivalent of €15,000 (for these purposes approximately £11,750, as at the date of this document), or more:
 - i) For those **who have not** previously invested in the Company, please supply either an Identity Verification Certificate from your financial intermediary or, if you do not have an adviser, one of the following:
 - a copy of your passport or driving licence certified by a bank or solicitor stating that it is a “true copy of the original and a true likeness of the client” followed by your name; and
 - a recent (no more than three months old) bank or building society statement or utility bill showing your name and address; or
 - tick the box on the Application Form consenting to the Company, or a third party acting on behalf of the Company, undertaking an online check of your identity using Veriphy, an online anti-money laundering and identity verification system.
 - ii) For those **who have** previously invested in the Company, your identity may be verified for the purposes of the ML Regulations by paying subscription monies by a cheque drawn in your name from a European Union based bank or building society. If this is not provided then you will need to go through the above procedure for those who have not previously invested in the Company.
 - iii) Your cheque or bankers’ draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers’ drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Third party cheques will not be accepted with the exception of building society cheques or bankers’ drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post dated cheques will not be processed until the cheque can be presented and will not be treated as being received by the Receiving Agent until that date. Cheques or bankers’ drafts will be presented for payment upon receipt. The Company reserves the right to instruct The City Partnership (UK) Limited (the “Registrar”) to seek special clearance of cheques and bankers’ drafts to allow the Company to obtain value for remittances at the earliest opportunity. If you wish to pay by electronic transfer, please use the account details provided. The right is reserved to reject any Application Form in respect of which the cheque or bankers’ draft has not been cleared on first presentation. In the event that the Offer does not reach the minimum subscription any monies returned will be sent by cheque crossed “A/C Payee only” in favour of the person named in Section 2 of the Application Form (“the Applicant”).

Part 6 – Terms and Conditions of Application continued

12. The basis of allocation will be generally on a first come, first served basis (but always subject to the absolute discretion of the Directors of the Company after consultation with the Promoter). The right is reserved to reject in whole or in part and/or scale down and/or ballot any application or any part thereof including, without limitation, where applications in respect of which any verification of identity (which the Company or the Receiving Agent consider may be required for the purposes of the ML Regulations) has not been satisfactorily supplied. Dealings prior to the issue of certificates for Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. The Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions of application.
13. The application of the subscription proceeds is subject to the absolute discretion of the Directors.
14. In relation to applications under the Offer from Retail Investors who have been advised by authorised financial intermediaries, in accordance with regulations introduced by the FCA such intermediaries will have been obliged to recover compensation from the Retail Investors in consideration of advice provided to them, and no commission (initial or trail) is payable. However, on express instruction from the Retail Investor, arrangements will be made to pay on the Retail Investor's behalf such advisory fees as the Retail Investor and his intermediary agree (and notify to the Company) represent the cost to the Retail Investor of the advice he received in relation to the making of this Application.

Part 6 – Frequently Asked Questions

Q. How much can I invest in the Company?

There is no upper limit on the amount that you can invest in the Company. However, there is a limit on the amount which, in any tax year, you may invest in VCTs which will qualify for any tax reliefs. The current limit is £200,000 in any one tax year. As the Offer spans two tax years (2014/15 and 2015/16) on current limits you can subscribe up to a maximum of £400,000. Each spouse has his or her own limit and so together spouses can invest up to £400,000 in respect of each financial year.

Q. What is the minimum level of investment?

The minimum subscription is £3,000 per application.

Q. To whom should I make the cheque payable?

Cheques should be made payable to "The City Partnership – Pembroke VCT".

Q. Where should I send my application?

Your application form should be sent to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.

Q. Will I receive a share certificate?

The Company will despatch a share certificate to you within 10 Business Days of each allotment. In due course you will be provided with tax certificates enabling you to claim income tax relief.

Q. What income tax relief will be given on my investment?

The current rate of income tax relief for VCT investors is 30% of the amount invested, so long as you have sufficient income tax payable in the year in which the shares are issued to you to cover the relief. Therefore, depending on your circumstances, you can get a maximum of £60,000 income tax relief per tax year being 30% on an investment of £200,000.

Q. How do I claim back my income tax relief on my VCT investment?

In order to claim back your tax relief you can write to HM Revenue & Customs office and ask them to amend your tax code so you can receive your tax relief via the PAYE system. Alternatively, you can claim the relief in your tax return for the year in which the Shares are issued to you.

Part 6 – Notes on Application Form

It is essential that you complete all relevant parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque or bankers' draft, by post, or deliver it by hand (during normal business hours), to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF. If you have any questions on how to complete the Application Form please contact Malcolm Haw on telephone 0131 243 7210, or email Malcolm.Haw@city.uk.com, or speak to your financial adviser.

PLEASE NOTE: IF YOU ARE A NOMINEE APPLYING ON BEHALF OF A BLOC OF INVESTORS, PLEASE DO NOT COMPLETE THE ATTACHED APPLICATION FORM. INSTEAD PLEASE CONTACT THE RECEIVING AGENT FOR ALTERNATIVE INSTRUCTIONS.

- 1 Amount for which you wish to subscribe: Insert (in figures) in Boxes A, B and C the amount for which you wish to subscribe (subject, if relevant, to the deduction of any adviser fees – see Option B in Section 7 of the Application Form) in relation to each individual tax year. You are able to specify in which individual tax year you invest. The application must be for a minimum of £3,000 and above that minimum in multiples of £1,000.

For applications in respect of which intermediaries have offered financial advice where an Investor has applied for an amount where the deduction of IFA fees takes the net subscription to below £3,000, then Shares will be issued based on the net amount. Payment can be made by electronic transfer, cheque or bankers' draft. Your payment must relate solely to this application.

If you wish to pay by electronic transfer, please transfer the required funds to:

Account name: The City Partnership - Pembroke VCT
Account number: 11010368
Sort code: 80-22-60

If you have any questions please contact The City Partnership (UK) Limited at email Malcolm.Haw@city.uk.com or telephone 0131 243 7210.

To pay by cheque or bankers' draft, please attach a cheque or bankers' draft to the Application Form for the exact amount shown in Box C and Box Da. Your cheque or bankers' draft must be made payable to "The City Partnership – Pembroke VCT" and crossed "A/C Payee only". Your payment must relate solely to this application. Cheques may be presented for payment on receipt. Subscription forms accompanied by a post dated cheque will not be processed until the cheque can be presented and will not be treated as being received by the Receiving Agent until that date.

Your electronic transfer, cheque or bankers' draft must be drawn in sterling on an account with a United Kingdom or European Union regulated credit institution, and which is in the sole or joint name of the Applicant and must bear, if a cheque, the appropriate sort code in the top right-hand corner.

The right is reserved to reject any application in respect of which the Applicant's electronic transfer, cheque or bankers' draft has not been cleared on first presentation. Any monies returned will be sent through the post at the risk of the persons entitled thereto by cheque crossed "A/C Payee only" in favour of the Applicant without interest.

Money Laundering Notice – Important procedures for applications of the sterling equivalent of €15,000 (for these purposes approximately £11,750, as at the date of this document, or more). The verification of identity requirements in the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or result in a delay.

If the amount of your application is for the sterling equivalent of €15,000 or more (for these purposes approximately £11,750, as at the date of this document, or more) or is one of a series of linked applications, the value of which exceeds that amount then please provide the documents set out in A or B below (as appropriate).

Copies should be certified by a solicitor or a bank. Original documents will be returned by post at your risk. If a cheque is drawn by a third party, the above will also be required from that third party.

A

Application is made through an IFA: verification of the Applicant's identity may be provided by means of a "Letter of Introduction" from an IFA or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EC financial institution (such as a bank). The City Partnership (UK) Limited will supply specimen wording on request.

Or

Part 6 – Notes on Application Form continued

B

Application is made direct (not through an IFA): please ensure that the following documents are enclosed with the Application Form:

- a. a certified copy of either your passport or driving licence; and
 - b. a recent (no more than three months old) original bank or building society statement, or utility bill, or recent tax bill, in your name.
- 2 Name and address, etc: Insert (using block capitals) in Section 2 your full name, full address including the post code, e-mail address, daytime telephone number, National Insurance number and date of birth.
 - 3 Signature and date: Sign and date the Application Form in Section 3. By signing and dating this form you agree to invest in Pembroke VCT plc in accordance with the Terms and Conditions as set out in Part 6 of the Prospectus dated 3 October 2014.

Administration of Shareholder Account

The dividends paid by the Company can be taken as cash. Sections 4 and 5 of the Application Form allow you to indicate whether you would like to have them paid directly into your bank account. Dividends paid by cheque will be sent to the Shareholder's registered address using the standard mail delivery at the Shareholder's own risk if neither Section 4 nor 5 is completed. The Company's Registrar will charge administration fees for re-issuing cheques.

- 4 Payment to your bank account: In order to facilitate the payment of dividends on any Shares held in the Company directly to your bank or building society account, please complete Section 4 of the Application Form. Dividends paid directly into your account will be paid in cleared funds on the dividend payment date. Your bank or building society statement will identify details of the dividends as well as the dates and amounts paid.
- 5 Signature, date and post code: Please sign and date the Administration of Shareholder Account in Section 5 of the Application Form. By signing and dating this section of the form you authorise the Company's Registrar to administer your shareholding in accordance with the instructions noted in the Shareholder Account Administration section of the Application Form.
- 6 **Financial advisers' details: in order to assist in the making of the application, and to process the deduction (if any) of any adviser fees or payment of commission from the subscription the Applicant has provided – appropriately authorised financial advisers should complete Sections 7 and 8 or 9, giving their contact name and address and their FCA number. Please note the financial advisers' obligations to advise their clients of the risk factors set out on pages 17 to 20 of this document.**
- 7 Bank details for one-off fees or commission: Financial advisers who are entitled to receive one-off fees or commission can choose to have these paid directly to their bank account. In order to facilitate this, please complete section 8 of the Application Form.

Part 6 – Application Form

Please pin or staple cheque or bankers' draft here unless payment is being made via Electronic Transfer.

Pembroke VCT plc – Application Form

If you are in any doubt about the action to take you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

IMPORTANT – before completing this form please read the accompanying notes.

PLEASE USE BLOCK CAPITALS TO COMPLETE THE FORM.

IF YOU ARE A NOMINEE APPLYING ON BEHALF OF A BLOC OF INVESTORS, PLEASE DO NOT COMPLETE THIS FORM. INSTEAD PLEASE CONTACT THE RECEIVING AGENT FOR ALTERNATIVE INSTRUCTIONS.

Cheque

Make your cheque or bankers' draft out to "The City Partnership – Pembroke VCT" and cross it with the words "A/C Payee only". Please complete Box Da at the end of Section 1 of the Application Form. Return this form by post or by hand (during normal business hours) to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF so as to arrive by no later than 12.00 noon on 2 April 2015 in respect of an application of Shares to be made in relation to the 2014/2015 tax year or 5.00 pm on 1 September 2015 in respect of an application of Shares to be made in relation to the 2015/2016 tax year. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2015/2016 Offer, may be extended by the Directors at their absolute discretion to a date no later than 18 September 2015. If you post your Application Form you are recommended to use first class post and allow at least four days for delivery.

Electronic Transfer

If you wish to pay by electronic transfer, please use the following details: account name The City Partnership - Pembroke VCT; account number 11010368; sort code 80-22-60 . Please either email Malcolm.Haw@city.uk.com or telephone 0131 243 7210. Please complete Box Db at the end of Section 1 of the Application Form. Return this form by post or by hand (during normal business hours) to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF so as to arrive by no later than 12.00 noon on 2 April 2015 in respect of an application of Shares to be made in relation to the 2014/2015 tax year or 5.00 pm on 1 September 2015 in respect of an application of Shares to be made in relation to the 2015/2016 tax year (subject to any extension referred to in the paragraph above). If you post your Application Form you are recommended to use first class post and allow at least four days for delivery.

1. Subscription Details

A Application for Shares in 2014/2015 (income tax year 2014/2015)	£	<input type="text"/>
B Application for Shares in 2015/2016 (income tax year 2015/2016)	£	<input type="text"/>
C Total (A+B)* <i>Total (A + B) to be not less than £3,000 (multiples of £1,000 thereafter)</i>	£	<input type="text"/>
Box Da Total per cheque/bankers' draft received	£	<input type="text"/>
Box Db Total per Electronic Transfer	£	<input type="text"/>

*Including any adviser fees to be facilitated (see Section 7B of this form)

2. Personal Details

Title and Full Name*:	
Address*:	
Post Code*:	Daytime Telephone Number:
Email address:	
Date of Birth*:	National Insurance Number*:

*Mandatory fields

Part 6 – Application Form

3. Online Anti-money Laundering Identity Check

By ticking this box I consent to the Company, or a third party acting on the Company's behalf, undertaking an online identity check for the purposes of the ML Regulations:

4. Signature

By signing this form I HEREBY DECLARE THAT I have read the Terms and Conditions of Application and agree to be bound by them. I understand this is a LONG TERM investment and have read the RISK FACTORS.

Signature:	Date:
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Administration of Shareholder Account

Please complete sections 5 and 6 as applicable.

5. Payments of Dividends to your Bank Account

If you would like your dividends to be paid directly into your bank or building society please tick this box.

Please provide your Bank or Building society details below. The Company cannot accept responsibility if any details provided by you are incorrect.

Account name:
Account number (please quote all digits and zeros):
Sort Code:
Name of Bank or Building Society:
Branch:
Branch Address:
Post Code:

6. Dividend Payment Authorisation

Please forward, until further notice, all dividends that may from time to time become due on any Shares now standing or which may hereafter stand, in my name in the registers of members of the Company to the account noted above.

Full Name:		
Signature:	Date:	Post Code:

If you are filling in this application form for yourself, please do not complete any of the following sections.

Part 6 – Application Form

7. Details of Financial Advisers

(To be completed by intermediaries only. FCA number must be quoted.)

All financial advisers MUST advise their clients of the Risk Factors set out on pages 17 to 20 of this document.

Firm Name:	Hargreaves Lansdown		
Contact:	Jayne Mathias		
E-mail address:	n/a		
FCA Number:	115248	Telephone No:	0117 900 9000
Address:	One College Square South		
	Anchor Road		
	Bristol	Post Code:	BS1 5HL

Please tick one of the following:

Option A

Tick Box

I have provided financial advice to my client in respect of this offer and my client is not a professional client.

GO TO SECTION 8

OR

Option B

Tick Box

I have acted for my client in an execution only capacity in respect of this offer and/or my client is a professional client.

GO TO SECTION 9

8. Direct Payment of One-Off fees to Financial Adviser

(for applications in respect of which intermediaries have offered financial advice)

(To be completed by you and the intermediary whose details are in section 7)

Option A

Tick Box

I have agreed to pay fees direct to my adviser for advice relating to my investment on the basis agreed between us.

I therefore do not require facilitation of any payment from my investment.

Option B

Tick Box

I have agreed to pay the adviser detailed in Section 7 the one-off fee detailed to the right for advice relating to my investment. I hereby instruct the deduction of this amount from my subscription and its remittance to that adviser on my behalf:

£

I understand that tax relief will only be available on the amount subscribed net of this fee. I also understand that if my adviser's fee includes VAT, I may remain liable for the VAT element thereof, even where arrangements have been made to make and pay the deduction mentioned above have been made to make and pay the deduction mentioned above.

Signed by Applicant:

Confirmed by Adviser:

Part 6 – Application Form

9. Introductory Commission of 3% in total

(for applications in respect of which financial intermediaries have offered NO financial advice)
(To be completed by you and the intermediary whose details are in section 7)

% of commission which should be paid to the financial intermediary

% of commission which should be waived in favour of additional shares for the Applicant by the financial intermediary

I understand that tax relief will only be available on the amount subscribed net of Introductory Commission payable.

Signed by Applicant:

Confirmed by Adviser:

10. Direct Payment of One-Off fees and Commission to a Bank Account

(for applications in respect of which intermediaries have offered financial advice)
(To be completed by the intermediary whose details are in section 7)

If you would like your one-off fees OR commission to be paid directly into your bank or building society please tick this box.

Please provide your Bank or Building Society details below. The Company and The City Partnership (UK) Limited cannot accept responsibility if any details provided by you are incorrect.

Account name:

Account number (please quote all digits and zeros):

Sort Code:

Name of Bank or Building Society:

Branch:

Branch Address:

Post Code:

Please forward all one-off fees due as a result of my client's investment in the Company

Signature:

Date:

Pembroke VCT plc
3 Cadogan Gate
London SW1X 0AS



pembroke
VCT plc

3 Cadogan Gate, London SW1X 0AS

Registered in England and Wales
Company number 08307631