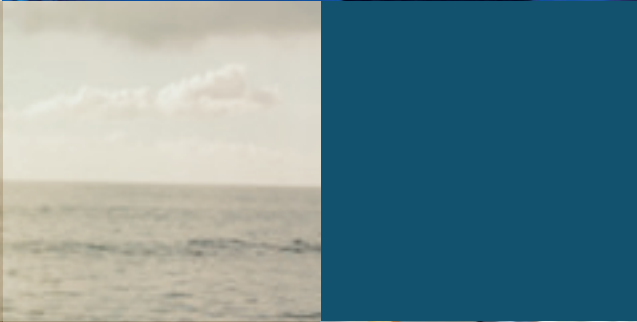
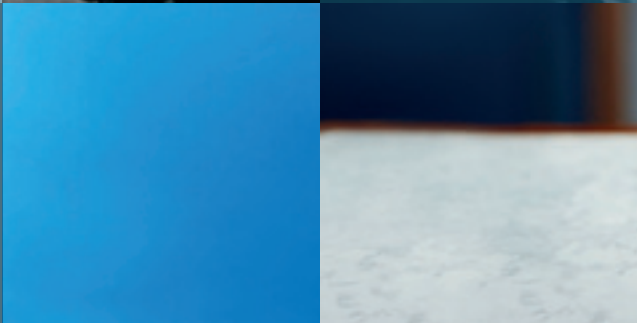
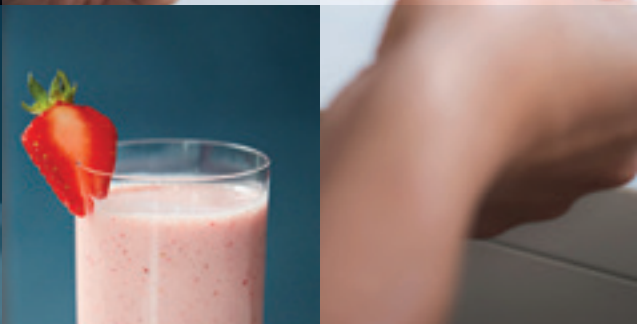


pembroke

VCT plc



Offer for Subscription for up to £20 million of B Ordinary Shares
with an over-allotment facility for up to a further £20 million of 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 a person authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This document, which comprises a prospectus relating to Pembroke VCT plc (the "Company") dated 2 September 2019, has been prepared in accordance with the Prospectus Regulation Rules Instrument 2019 made under Part VI of the FSMA, and has been approved for publication by the Financial Conduct Authority as a prospectus under article 20 of the Prospectus Regulation.

The contents of this document and the information incorporated herein by reference should not be construed as legal, business or tax advice. Neither the Company nor any of its Directors or representatives are making any representation to any offeree or purchaser or acquirer of B Ordinary Shares under the Offer regarding the legality of an investment in such B Ordinary Shares by such offeree or purchaser or acquirer under the laws applicable to such offeree or purchaser or acquirer.

Your attention is drawn to the risk factors set out on page 12 to 14 of this document. Prospective Investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. All statements regarding the Company's business, financial position and prospects should be viewed in light of such risk factors.

The Company and the Directors, whose names appear on page 23 of this document, accept responsibility for the information contained herein. To the best of the knowledge 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 makes no omission likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Subject to the FSMA, the Prospectus Regulation Rules and applicable laws, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after this date.

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 the 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 12 to 14 of this document.

Pembroke VCT plc

(incorporated in England and Wales with registered number 08307631)

Prospectus relating to an offer for subscription for up to £20 million of B Ordinary Shares
in the capital of Pembroke VCT plc payable in full on application
with an over-allotment facility for up to a further £20 million of B Ordinary Shares

Sponsor

Howard Kennedy Corporate Services LLP

Promoter

Pembroke Investment Managers LLP

The Ordinary Shares and B Ordinary Shares in issue at the date of this document are listed on the premium segment of the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities. Application will be made to the FCA for all of the Shares 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 ten Business Days of their allotment.

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any new Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan, the Republic of South Africa or their respective territories or possessions or in any other jurisdiction where to do so would be unlawful, and documents should not be distributed, forwarded or transmitted in or into such territories. The new Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, New Zealand, Japan, the Republic of South Africa or in any other jurisdiction where to do so would be unlawful.

Up to £20 million of B Ordinary Shares in the Company with an over-allotment facility of up to a further £20 million of B Ordinary Shares, which are being offered to the public, are being made available in two different tax years (2019/2020 and 2020/2021).

The Offer will open on 2 September 2019 and may close at any time thereafter but, in any event, not later than 3.00 p.m. on 5 April 2020, in the case of the 2019/2020 offer, and at 3.00 p.m. on 30 June 2020, in the case of the 2020/2021 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 2020/2021 offer, may be extended by the Directors at their absolute discretion to a date no later than 1 September 2020. All subscription monies will be payable in full in cash on application.

The terms and conditions of the Offer are set out on pages 74 to 76 of this document and are followed by an Application Form for use in connection with the Offer. The Offer is not underwritten.

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

Howard Kennedy Corporate Services LLP

No.1 London Bridge
London SE1 9BG

Pembroke Investment Managers LLP

3 Cadogan Gate
London SW1X 0AS

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Summary

Introduction and Warnings

Name and ISIN of Securities	B Ordinary Shares of 1 pence each (ISIN: GB00BQVC9S79).
Identity and Contact Details of Issuer	PembrokeVCT plc (the "Company") was incorporated and registered in England and Wales on 26 November 2012 with registered number 08307631, and its registered address is 3 Cadogan Gate, London SW1X 0AS (LEI: 213800RLWAGHVUX8HR40). The Company can be contacted at info@pembrokevct.com on 020 7766 6900.
Competent Authority approving the Prospectus	The Financial Conduct Authority, 12 Endeavour Square, London EC20 1JN, telephone 020 7066 1000.
Date of Approval of the Prospectus	2 September 2019
Warnings	<p>(a) This summary should be read as an introduction to the Prospectus.</p> <p>(b) Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the Investor.</p> <p>(c) An Investor could lose all or part of their invested capital.</p> <p>(d) Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>(e) Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in the B Ordinary Shares.</p>

Key Information on the Issuer

Who is the Issuer of the Securities?	
Domicile and legal form	The Company is domiciled in England and was incorporated and registered in England and Wales on 26 November 2012 as a public company limited by shares under the Companies Act 2006 ("CA 2006") with registered number 08307631 (LEI: 213800RLWAGHVUX8HR40). The principal legislation under which the Company operates is the CA 2006 and the regulations made thereunder.
Principal Activities	<p>The Company is a generalist VCT (formed as a closed-ended investment company) focused on early stage investments in a diversified portfolio of smaller, unquoted companies currently in the following five sectors:</p> <p>Wellness; Hospitality; Education; Apparel & Accessories; and Media & Technology.</p>

Major Shareholders	As at 1 September 2019, Roy Nominees Limited held 3,709,000 Ordinary Shares and UBS Private Banking Nominees Limited held 9,349,147 B Ordinary Shares being approximately 20.5% and 17.9% respectively of the issued share capital of the relevant share class. As at the date of this document, there are no persons who directly or indirectly, jointly or severally, exercise control over the Company.																	
Directors	The Directors of the Company (all of whom are non-executive) are: Jonathan Simon Djanogly (Chairman); Laurence Charles Neil Blackall; and David John Till.																	
Statutory Auditors	The statutory auditor of the Company is Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU.																	
What is the key financial information regarding the issuer?	<table><tr><td></td><td>Year ended 31.03.19 (audited)</td></tr><tr><td>Profit on ordinary activities before taxation (£000)</td><td>5,827</td></tr><tr><td>Return per Share (pence) – Ordinary Share</td><td>17.24</td></tr><tr><td>Return per Share (pence) – B Ordinary Share</td><td>8.13</td></tr><tr><td>Net assets (£000) – Ordinary Shares</td><td>25,023</td></tr><tr><td>NAV per share (pence) – Ordinary Share</td><td>138.27</td></tr><tr><td>Net assets (£000) – B Ordinary Shares</td><td>42,745</td></tr><tr><td>NAV per share (pence) – B Ordinary Share</td><td>111.9</td></tr></table>			Year ended 31.03.19 (audited)	Profit on ordinary activities before taxation (£000)	5,827	Return per Share (pence) – Ordinary Share	17.24	Return per Share (pence) – B Ordinary Share	8.13	Net assets (£000) – Ordinary Shares	25,023	NAV per share (pence) – Ordinary Share	138.27	Net assets (£000) – B Ordinary Shares	42,745	NAV per share (pence) – B Ordinary Share	111.9
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Net assets (£000) – B Ordinary Shares	42,745																	
NAV per share (pence) – B Ordinary Share	111.9																	
What are the key risks that are specific to the issuer?	<p>Set out below is a summary of the most material risk factors specific to the issuer</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 members of the Manager is no indication of future performance.• 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. There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Company.• Investments in smaller unquoted companies (usually with limited trading records which require venture capital) carry substantially higher risks than would investments in larger or longer-established businesses.• The Company may be unable to maintain its VCT status, which could result in loss of certain tax reliefs.• 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 VCT status of the Company.• The Company's portfolio of Non-Qualifying Investments (e.g. money market funds) are subject to market fluctuations. Such investments are affected by the selection of funds and managers by the Manager and by investment decisions of such portfolio managers, and there can be no assurance that appreciation will occur or that losses will not be incurred.• The ability of the Company to realise Non-Qualifying Investments may be adversely affected by the illiquidity in underlying assets, or such investments having redemption periods that result in them not being readily realisable, or in the premature realisation of such investments.																	

Summary continued

Key Information on the Securities

What are the main features of the securities?	
Type, class and ISIN of securities	The Company will issue new B Ordinary shares of 1 pence each ("B Ordinary Shares") under the Offer. The ISIN of the B Ordinary Shares is GB00BQVC9S79.
Currency, par value and number to be issued	The currency of the B Ordinary Shares is Sterling, having a par value of 1 pence each and pursuant to the Offer the Company will issue up to £20 million of B Ordinary Shares with an over-allotment facility for up to a further £20 million of B Ordinary Shares.
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 Articles.</p> <p>Under the Articles of the Company, all the assets of the Company and all the liabilities of the Company will be allocated either to the assets and liabilities allocated to the Ordinary Shares (the "Ordinary Share Pool") or the assets and liabilities allocated to the B Ordinary Shares (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 CA 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 pools 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> <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, on a poll has one vote for each Share of which they are the holder. The Ordinary Shareholders may not be entitled to vote on certain matters which concern the B 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 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 buy-backs in respect of each share class of the Company may be facilitated by the availability of that special reserve.</p>

Seniority of securities	The B Ordinary Shares that are the subject of the Offer shall rank equally with the existing Shares in the event of an insolvency of the issuer.
Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.
Dividend policy	The Ordinary Shares will target an annual dividend of 3 pence per Ordinary Share and the B Ordinary Shares will target an annual dividend of 3 pence per B Ordinary Share, and special dividends may also be paid where significant realisations occur from the sale of portfolio assets. No forecast or projection should be implied or inferred.
Where will the securities be traded?	Applications will be made to the FCA for the B Ordinary Shares issued pursuant to the Offer 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 each such admission will become effective, and that dealings in those B Ordinary Shares will commence, within ten Business Days of their allotment.
What are the key risks that are specific to the securities?	<p>Set out below is a summary of the most material risk factors specific to the securities</p> <ul style="list-style-type: none"> • The market price of a B Ordinary Share may not fully reflect its underlying net asset value. • The value of B Ordinary Shares depends on the performance of the Company's underlying assets and that value and the income derived from those assets may go down as well as up and an Investor may not get back the amount invested. • Although the B Ordinary Shares are listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid, which may, therefore, adversely affect the market price of the B Ordinary Shares and the ability to sell them. • Levels and bases of, and reliefs from, taxation are subject to change, which could be retrospective.

Summary continued

Key Information on the Offer of Securities to the Public and/or Admission to Trading on a Regulated Market

<p>Under which conditions and timetable can I invest in this security?</p>	<p>Amount of Offer</p> <p>Up to £20 million of B Ordinary Shares are being made available at the Offer Price under the Offer, with an over-allotment facility for up to a further £20 million of B Ordinary Shares. The B Ordinary Shares are payable by an Applicant in full upon application.</p> <p>Pricing of the Offer</p> <p>The number of B Ordinary Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole B Ordinary Share):</p> <p>Number of B Ordinary Shares =</p> <p>(Amount subscribed less Promoter Fee less Adviser Charge) divided by latest published NAV per B Ordinary Share.</p> <p>The Offer is conditional on the resolutions 1 and 2 to be proposed at the General Meeting on 26 September 2019 being passed.</p> <p>The Offer will open on 2 September 2019 and may close at any time thereafter, but, in any event, not later than 3.00 p.m. on 5 April 2020, in the case of the 2019/2020 offer, and 3.00 p.m. on 30 June 2020, in the case of the 2020/2021 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 2020/2021 offer, may be extended by the Directors at their absolute discretion to a date no later than 1 September 2020. It is expected that the admission to trading on the London Stock Exchange's main market for listed securities of the B Ordinary Shares that are the subject of the Offer will become effective within ten Business Days of their allotment.</p> <p>Expenses Charged to the Investor</p> <p>For all applications received under the Offer, the expenses charged to the Investor are 3.5% of gross funds raised by the Company.</p> <p>Adviser Charges and Commission</p> <p>Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs. Instead of commission being paid by the VCT, a fee will usually be agreed between the Intermediary and Investor for the advice ("Adviser Charge"). This fee can either be paid directly by the Investor to the Intermediaries or, up to an amount not exceeding 4.5% of the amount subscribed by the Investor, can be facilitated by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the Adviser Charge on the Application Form. The Investor will be issued fewer B Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out above.</p> <p>Commission is permitted to be paid to Intermediaries in certain limited situations, such as in respect of execution only clients (where no advice or personal recommendation has been provided) or where the Intermediary has demonstrated to the Promoter that the Investor is a Professional Client of the Intermediary. An initial commission of 1% of the amount subscribed may be payable and, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the B Ordinary Shares, and subject to applicable laws, regulations and FCA rules, the Company reserves the right to agree trail commission with Intermediaries on an individual basis up to 0.375% of the net asset value of a B Ordinary Share at the end of each financial year commencing in 2021, for a period of up to six years.</p> <p>Payment of the initial commission is the Manager's responsibility and is payable out of the Promoter Fee. Trail commission is payable by the Company.</p>
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<p>Under which conditions and timetable can I invest in this security?</p> <p>continued</p>	<p>Expenses of the Offer</p> <p>Total initial expenses of the Offer Agreement are limited to 3.5% of the gross proceeds of the Offer.</p> <p>Dilution</p> <p>On the basis of full subscription under the Offer of £40 million, including full utilisation of the over-allotment facility at an Offer Price of 116 pence per B Ordinary Share, the B Ordinary Shares in issue will be diluted by 39.81%. As a result of the Offer, there will be no dilution of the Ordinary Shares in issue.</p>
<p>Why is this prospectus being produced?</p>	<p>The reason for the Offer is to enable the Company to raise funds for the B Ordinary Share Pool and then use a minimum of 70% (80% after 1 April 2020) 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 its published investment policy.</p> <p>Assuming a full subscription of £40 million of B Ordinary Shares and a Promoter Fee of 3.5% on all such subscriptions (with the over-allotment facility fully utilised), the estimated maximum net proceeds of the Offer is £38.6 million.</p> <p>The Offer is not subject to an underwriting agreement.</p> <p>No conflict of interest is material to the Offer.</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 this 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 to be issued under the Offer 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, which may, therefore, adversely affect the market price of the B Ordinary Shares and the ability to sell them.
- The Directors are committed to maintaining the Company's VCT status but there can be no guarantee that the Company will fulfil 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 a holder of shares, who should consult their own tax adviser 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 adviser prior to making any investment decision in relation to the Offer.
- 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, where it was known at the time of the subscription and sale that the VCTs were intending to merge. The measure will not affect subscriptions for shares where the monies being subscribed represent dividends which the Investor has elected to reinvest.
- The Finance (No.2) Act 2015 introduced a maximum age limit for companies receiving VCT investment (generally seven years from first commercial sale or ten years for Knowledge Intensive Companies), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for Knowledge Intensive Companies). There are further restrictions on the use of VCT funds received by investee companies. The Finance Act 2018 introduced a new "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk. The Company may not make any prohibited non-qualifying investments, including those which breach the "risk-to-capital" condition, and the potential penalty for contravention of these rules can include loss of VCT status with a resultant clawback of VCT tax reliefs from Investors.

- HMRC have stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if, after taking reasonable steps including seeking advice, a VCT considers that an investment is qualifying. However, HMRC may require rectification of the breach, which may mean that the VCT is forced to dispose of the investment at a loss.
- On 29 March 2017, the UK gave notice to the EU under Article 50(2) of the Treaty on European Union of its intention to withdraw from the EU, commonly referred to as "Brexit". The British government is now negotiating the terms of the UK's future relationship with the EU. Although it is unknown what terms will emerge from the same or whether there will be increased regulatory control between the UK and EU countries, the emerging terms may adversely affect the Company's business model, business operations, or financial results or have an impact on sales demand, material and labour costs and availability and cost of finance for an underlying investee 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 Investments or Non-Qualifying Investments, instead concentrating on a limited number of Qualifying Investments 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 Investments and Non-Qualifying Investments, risk is not spread as widely but is more concentrated between a smaller number of Qualifying Investments 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.
- The VCT Rules include a maximum age limit for companies receiving VCT investments (generally seven years from first commercial sale) and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for Knowledge Intensive Companies), together with further restrictions on the use of VCT funds received by investee companies. However, the Directors do not believe that these changes have affected, or will affect opportunities for investment, or follow-on investments in companies already in the Company's portfolio.

Risks associated with the likely underlying investments

- There can be no guarantee that the Company will meet all its objectives or that suitable investment opportunities will be identified.
- 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 earnings 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 VCT status of the Company.

Risk Factors continued

Risks associated with the Manager and conflicts of interest

- The past performance of members of the Manager 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 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; or
 - (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 objectives.
- 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 there being two share classes

- Although the 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 and 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 B Ordinary Shareholders are not always aligned.

Forward-looking Statements

This Prospectus contains forward-looking statements, including, without limitation, statements containing the words “targets”, “believes”, “expects”, “estimates”, “intends”, “may”, “plan”, “will”, “anticipates” and similar expressions (including the negative of those expressions). The Directors consider that the expectations reflected in these statements are reasonable but forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking

statements. Factors that might cause such a difference include, but are not limited to, those discussed in the risk factors section of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this document are made on the date of this document, and the Company is not under any obligation to update those forward-looking statements in this document to reflect actual future events or developments. Notwithstanding the foregoing, nothing in this Prospectus shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

Expected Timetable for the Offer

Offer opens	2 September 2019
Deadline for receipt of applications for final allotment in 2019/2020 offer	3.00 p.m. on 5 April 2020
Deadline for receipt of applications for final allotment in 2020/2021 offer	3.00 p.m. on 26 June 2020
Allotments in respect of applications under the 2019/2020 offer	On or before 5 April 2020
Anticipated final allotment in respect of applications under the 2020/2021 offer	30 June 2020

Admission and dealings expected to commence within ten 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 2020/2021 tax year, may be extended by the Directors at their absolute discretion to a date no later than

1 September 2020 (and the anticipated allotment date under the 2020/2021 offer will be extended accordingly).

The Directors reserve the right to allot and issue B Ordinary Shares at any time whilst the Offer remains open. Definitive share and tax certificates will be dispatched and CREST accounts credited as soon as practicable following allotment of B Ordinary Shares. The Offer is not underwritten.

Offer Statistics

Offer Price per B Ordinary Share	See page 48
Issue costs per B Ordinary Share	See page 49
Expected maximum net proceeds of the Offer if the over-allotment facility is utilised*	£38.6 million
Expected maximum net proceeds of the Offer if the over-allotment facility is not utilised*	£19.3 million
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is fully utilised**	86,623,646
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is not utilised**	69,382,267

* assumes Promoter Fee of 3.5% paid on all subscriptions

** assuming an Offer Price of 116.0 pence per B Ordinary Share

Bonus Shares (capped to the first £5,000,000 of subscription monies)	1.25% B Ordinary Share bonus for completed Application Forms received and accepted by 15 December 2019
Bonus Shares (capped to the second £5,000,000 of subscription monies)	0.75% B Ordinary Share bonus for completed Application Forms received and accepted by 31 January 2020

Information relating to the Company

Directors

(all non-executive)

Jonathan Simon Djanogly (Chairman)
Laurence Charles Neil Blackall
David John Till

all of Registered Office at

3 Cadogan Gate
London
SW1X 0AS

Administrator and Company Secretary

The City Partnership (UK) Limited
110 George Street
Edinburgh
EH2 4LH

Sponsor

Howard Kennedy Corporate Services LLP
No.1 London Bridge
London
SE1 9BG

Manager and Promoter

Pembroke Investment Managers LLP
3 Cadogan Gate
London
SW1X 0AS

Registrars and Receiving Agent

The City Partnership (UK) Limited
(assisted by Share Registrars Limited)
110 George Street
Edinburgh
EH2 4LH

Solicitors

Howard Kennedy LLP
No.1 London Bridge
London
SE1 9BG

VCT Tax Adviser

Philip Hare & Associates LLP
Hamilton House
1 Temple Avenue
London
EC4Y 0HA

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Distributor

Portlight Limited
4th Floor
120 Cannon Street
London
EC4N 6AS

Chairman's Letter

Dear Investor,

I am pleased to announce that Pembroke VCT plc has launched a new share offer to raise up to £40 million. After raising over £75 million since 2012, Pembroke has invested £55 million in 40 companies. The Board is pleased with the performance to date and the continued progress of the portfolio. The additional cash will allow the Company to grow its existing portfolio of investments and take advantage of a healthy pipeline of prospective investment opportunities.

Existing portfolio of investments

New Investors will gain immediate access to a maturing portfolio of growing businesses and to a well-established dividend-paying VCT. These assets include high growth opportunities such as Plenish, Five Guys and ME+EM. Additionally, Pembroke intends to use the funds raised to make a number of follow-on investments in companies in which the Company has already invested - where further capital will accelerate their growth plans. Approximately 31% of the investments (by value) made to date have been into businesses that are now trading profitably at the operating profit level.

Brexit vote

Following the UK's vote in 2016 to leave the EU, the Manager has been closely monitoring the portfolio for any subsequent impact. Whilst there is still uncertainty around what the UK's trading relationship with the EU will look like in a few years' time, the portfolio companies should be mostly unaffected. Given they are UK based businesses and a number sell their products internationally, the majority have benefitted from the depreciation of Sterling. This should make both their products more attractive to potential customers and the portfolio companies themselves more attractive to potential buyers. The UK boasts a significant track record in the sectors in which the Company invests; this is not expected to change.

VCT regulatory changes

Changes to the VCT Rules in 2015 and 2018 restricted the types of companies that VCTs can invest in. Many VCT managers have been forced to develop new investment capabilities and hire new staff. Given the Company's focus on providing development capital to high growth companies rather than 'management buy-out' transactions and mature businesses, the Board is confident that the Manager remains well placed to manage the Company and identify suitable investment opportunities. Neither the Company's investment strategy nor the types of company it invests in has had to alter since these rule changes.

Investments made following the Finance Act 2018 are subject to a new risk-to-capital condition, which has two requirements, based on the views of a 'reasonable' person: i) does the company intend to grow and develop over the long term, and ii) is there the risk of a loss of capital to the investor of an amount greater than the net return? The Company believes its current portfolio and future pipeline meets these tests without difficulty, and will not need to make any meaningful changes to its investment strategy.

Investment strategy

The Company's objective remains the same; Pembroke provides Investors with access to a series of carefully researched investments focusing on its five key investment segments being; Wellness, Hospitality, Education, Apparel & Accessories and Media & Technology. Pembroke will continue to invest in a diversified portfolio of smaller unquoted companies. The objective is to generate significant returns, whilst enabling Investors to benefit from substantial tax advantages.

Pembroke seeks opportunities which are capable of significant organic growth and sustainable cash generation. A key feature of this strategy is an investment bias towards consumer-facing businesses which have an established brand or with the potential to develop their brand.

The B Ordinary Shares target an annual dividend of 3 pence per B Ordinary Share. Holders of B Ordinary Shares received a 3 pence dividend per B Ordinary Share on 27 September 2018, and it is proposed that a 3 pence dividend per B Ordinary Share will be paid to holders of B Ordinary Shares on 31 October 2019.

Tax advantages

VCTs offer significant tax benefits over most investment products, including:

- income tax relief of 30% on the amount invested;
- dividend payments are tax free; and
- no capital gain arises when Shares are sold.

If you are not already, I hope you will join me as an Investor in Pembroke.

Jonathan Djanogly
Chairman

2 September 2019

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 NEX. 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 Manager has a previous track record. Investment of the Ordinary Share Pool and the B Ordinary Share Pool has to date been across five sectors: wellness; hospitality; education; apparel & accessories; and media & technology. The companies may be at any stage in their development from start-up to established businesses. Approximately 31% of the investments (by value) made to date have been in businesses that are now trading profitably at the operating profit level. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, although the Company has and may continue to 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.

It is anticipated that, at any time, up to 30% of investments will be held in Non-Qualifying Investments (20% from 1 April 2020), recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, the net proceeds of the Offer will be invested in Non-Qualifying Investments which may include certain money market securities, listed securities 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;
- capital gains on the disposal of Shares are tax free; and
- dividends received by an Investor from the VCT are tax free.

Example (excluding the costs of the Offer)

Assume that an Investor invests £200,000 in the Company, which leads to £500,000 of capital to the Investor over the life of the Company.

This means:

	Illustration
Initial investment	£200,000
30% income tax relief	£(60,000)
Effective cost of initial investment	£140,000
Capital returned to Investor (no capital gains tax payable on this return)	£500,000
Money multiple based on effective cost of initial investment	3.6x (=£500,000/£140,000)
Overall tax saving	£120,000
No capital gains tax on the capital return, so tax saved here (at 20%)	£60,000 (=20% of £300,000)
30% income tax relief	£60,000 (=30% of £200,000)

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

The Company proposes to raise subscriptions from Investors through both the 2019/2020 offer and the 2020/2021 offer. Investors will be able to subscribe for B Ordinary Shares both before and after the end of the current tax year (5 April 2020) 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 under the Offer by utilising their income tax relief for two tax years. Further, as spouses individually have such entitlements, a couple together could double this £400,000 amount.

Income tax relief is only available for set-off against any income tax liability due.

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 Manager.
- These networks have built up over many years from direct operational business experience in commercial enterprises in a variety of sectors, and from venture capital investing.
- The vast majority of Pembroke deal flow comes through the following channels:
 - Introductions from founders that Pembroke is or has been working with;
 - Direct approaches to the Manager;
 - Our investor base, who approach us with EIS opportunities they are presented with; and
 - A network of corporate finance advisors.

Exit

The Company aims to exit each of its Qualifying Investments after a holding period of approximately three to seven years. The Manager will consider the likely exit options as part of its due diligence process on an investment opportunity before making a recommendation to invest.

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 to investors the net proceeds it receives from each sale, most likely in each case by way of tax free dividend, but always subject to the requirements and best interests of the Company. Net proceeds are calculated after deducting costs of the transaction and any performance fee payable.

Substantial Directors' commitment

The past and present Directors have invested £725,000 in the first issue of Ordinary Shares and a further £1,225,000 since in subsequent share offers, thus creating a significant alignment of their interests with other investors in the Company, and reflecting their confidence in the investment strategy. The value of the Directors investment is now £2,300,000. The Directors intend to invest a further £50,000 in aggregate under the Offer.

Part 1

Investment Activity and Performance

The Manager's investment activity up to the date of this document and performance up to 31 March 2019 is summarised below.

The Manager has developed a consistent track record of investing in small companies, targeting businesses capable of significant organic growth, as illustrated in the table below. Prior to the date of this document, the Manager has invested, in total, £53.3 million and has generated a total fair value of £73.0 million (*source: unaudited figures provided by the Manager**).

The Pembroke Portfolio

Pembroke has made a total of 40 investments. The current active portfolio consists of 36 investments, of which 34 have received funding wholly or in part from the B Ordinary Share class.

In total, £53.3 million has been invested as at the date of this document in the current portfolio which is split between £14.3 million in the Ordinary Share Pool and £39.0 million in the B Ordinary Share Pool (see table below). Approximately 31% of the investments (by value) made to date are in businesses which are now trading profitably at the operating profit level.

All investments in the Ordinary Share Pool portfolio have been held for over twelve months and, therefore, have been revalued at fair value either based on the most recent follow-on investment rounds or on valuation multiples applied to trading performance. The Ordinary Share Pool investments have increased in valuation to £26.6 million representing an overall "money multiple" including realisations of 1.9x to 31 March 2019 (*source: unaudited figures provided by the Manager**). With the exception of N is for Nursery, Secret Food Tours, HotelMap, Floom, LYMA, Kinteract and Thriva, all investments in the B Ordinary Share Pool portfolio have been held within the Pembroke portfolio for over twelve months and, therefore, have been revalued at fair value (unaudited) either based on the most recent follow-on investment rounds or on valuation multiples applied to trading performance. Of those investments, the B Ordinary Share Pool investments have increased in value to £46.5 million representing an overall "money multiple" including realisations of 1.2x to 31 March 2019 (*source: unaudited figures provided by the Manager**).

Summary of Pembroke investment performance**

	Maximum holding period (months)	Equity (cost) £	Debt (cost) £	Total invested (cost) £	Equity fair value £	Loan fair value £	Current valuation £	Return
Ordinary Share portfolio	76	10,671,209	3,602,800	14,274,009	23,111,608	3,519,042	26,630,650	1.9x
B Ordinary Share portfolio	53	26,494,420	12,498,669	38,993,089	32,956,993	13,498,069	46,455,062	1.2x
		37,165,629	16,101,469	53,267,098	56,068,601	17,017,111	73,085,712	

* see paragraph 6.21 of Part 4.

** The relevant figures for equity and debt investments (at cost) include amounts allocated to realised investments. Equity fair values and debt balances are of those investments held at the date of this document, with audited valuations as at 31 March 2019. Proceeds realised consist of principal amounts repaid/interest paid in relation to any loan notes, together with proceeds on investments exited, prior to the date of this document.

Summary of Pembroke B Ordinary Share portfolio*

	First investment	Holding period (months)	Equity (cost) £	Debt (cost) £	Total invested (cost) £	Equity fair value £	Debt inc. accrued interest £	Current valuation £	Return on investment
Wellness									
Boom Cycle	Jul 15	50	1,146,979	950,000	2,096,979	1,294,565	984,471	2,279,036	1.1x
Plenish	Jul 15	50	1,550,048	500,000	2,050,048	1,952,565	500,000	2,452,565	1.2x
KX U	Mar 17	29	244,114	790,000	1,034,114	233,527	921,426	1,154,953	1.1x
Lyma Life	Dec 18	8	999,993	–	999,993	999,993	–	999,993	1.0x
Thrive	Jul 19	1	1,329,558	–	1,329,558	1,329,558	–	1,329,558	1.0x
Hospitality									
Chilango	Dec 15	45	85,000	–	85,000	121,429	–	121,429	1.4x
Five Guys UK	Sep 15	48	–	570,400	570,400	1,172,071	837,729	2,009,800	3.5x
La Bottega	Aug 15	49	–	1,050,000	1,050,000	–	464,972	464,972	0.4x
Chucs Bar & Grill	Jul 15	50	2,424,701	1,170,000	3,594,701	2,829,731	1,528,196	4,357,927	1.2x
Second Home	Apr 15	53	960,022	–	960,022	1,405,052	–	1,405,052	1.5x
Sourced Market	Jan 16	44	816,767	2,000,000	2,816,767	842,972	2,093,822	2,936,794	1.0x
Bel-Air	Apr 16	41	300,000	–	300,000	–	–	–	0.0x
Secret Food Tours	Aug 18	12	1,000,206	–	1,000,206	1,253,936	–	1,253,936	1.3x
Rubies in the Rubble	Jul 19	1	250,099	–	250,099	250,099	–	250,099	1.0x
Education									
N is for Nursery	Jul 18	13	1,500,100	200,000	1,700,100	1,500,100	202,630	1,702,730	1.0x
Kinteract	Apr 19	4	500,000	–	500,000	500,000	–	500,000	1.0x
Apparel and Accessories									
Kat Maconie	Nov 16	33	–	730,000	730,000	–	814,178	814,178	1.1x
Troubadour Goods	Nov 15	46	150,000	250,000	400,000	158,954	256,233	415,187	1.0x
Bella Freud	Jun 15	51	450,000	1,100,000	1,550,000	1,092,799	1,298,791	2,391,590	1.5x
Chucs Limited	Apr 15	53	100,000	125,000	225,000	–	3,469	3,469	0.0x
Bella Freud Parfum	Jul 16	38	–	50,000	50,000	–	50,000	50,000	1.0x
ME+EM	Aug 15	49	889,646	–	889,646	3,428,510	–	3,428,510	3.9x
Alexa Chung	Apr 16	41	2,971,378	–	2,971,378	2,613,176	–	2,613,176	0.9x
Heist Studios	Jul 17	25	1,748,466	750,000	2,498,466	2,094,840	759,301	2,854,141	1.1x
PlayerLayer	Dec 17	20	1,600,680	–	1,600,680	1,600,680	–	1,600,680	1.0x
Media and Technology									
Boat International Media	May 15	52	–	1,200,000	1,200,000	–	1,716,031	1,716,031	1.4x
Rated People	Apr 16	41	55,480	–	55,480	84,103	–	84,103	1.5x
Beryl	Mar 15	54	352,697	–	352,697	1,129,846	–	1,129,846	3.2x
Wishi	Sep 16	35	153,433	–	153,433	153,433	–	153,433	1.0x
Unbolted	Nov 16	33	250,033	–	250,033	250,033	–	250,033	1.0x
Stylindex	Feb 18	18	200,000	463,269	663,269	200,000	463,269	663,269	1.0x
Popsa	Feb 18	18	2,400,019	–	2,400,019	2,400,019	–	2,400,019	1.0x
HotelMap	Oct 18	10	1,500,000	–	1,500,000	1,500,000	–	1,500,000	1.0x
Floom	Nov 18	9	565,000	600,000	1,165,000	565,000	603,551	1,168,551	1.0x
Total			26,494,420	12,498,669	38,993,089	32,956,993	13,498,069	46,455,062	1.2x

*Includes all investments in active portfolio companies as at the date of this document, with the valuations being the audited valuations as at 31 March 2019.

Part 1 Management Team

The Company will be managed by the Manager, which includes the management professionals described below, together with assistance from a number of specialist staff within the Oakley group.

Peter Dubens

Managing Partner and Co-Founder of Oakley

Peter is an entrepreneur, who has bought, built and sold business, from small enterprises to large public market companies, since his early twenties. He founded Oakley Capital ("Oakley") in 2002 to be a best of breed, entrepreneurially driven investment house, creating an ecosystem that supports the companies through investment, whether they are early-stage companies or established businesses. The vision of Oakley has always been to encourage and back entrepreneurship.

Oakley Capital Private Equity is a Western Europe-focused private equity firm with c.€3.0 billion of assets under management and is now investing its fourth fund, Oakley Capital IV. Oakley's private equity funds invest in mid-market companies across the region within three core sectors – Consumer, Education and Technology, Media & Telecoms (TMT).

Oakley is able to deliver differentiated investment opportunities and superior returns by leveraging its entrepreneurial mindset and deep sector expertise. The Oakley team works closely with a unique network of entrepreneurs and successful management teams to help source primary, proprietary opportunities and gain valuable insights into the businesses in which it invests. Its ability to overcome complexity, and a flexible approach to value creation, allow Oakley to support its portfolio companies to achieve sustainable growth and as a result generate strong returns for their Limited Partners and Oakley Capital Investments Limited, a UK listed investment vehicle that invests in Oakley's private equity funds.

Peter has been a consistent supporter of smaller entrepreneurial endeavours over many years and, as well as making personal investments, he has backed venture capital teams to support emerging firms. Oakley established Pembroke in 2013 to support the development of smaller, early-stage high-growth businesses.

David Till

Partner and Co-Founder of Oakley

Please see paragraph headed "Board of Directors" on page 23.

Andrew Wolfson

Chief Investment Officer

Andrew is responsible for executing Pembroke'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 and helps the founders and management teams develop their strategies and support them in delivering their goals. Prior to becoming Chief Investment Officer of the Manager, Andrew worked with a number of Oakley's earlier stage 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.

Chris Lewis

Chief Financial and Operating Officer

Chris joined Pembroke in September 2019. Prior to joining Pembroke he was CFO at Downing. During his ten years at Downing, the business expanded considerably and diversified from managing VCTs into EIS, inheritance tax planning, lending and other investment products. He became a Partner and CFO in 2014.

Chris graduated from University College London and spent nine years with KPMG where he qualified as a chartered accountant. He has also worked at EY and been CFO at a London family office.

Simon Porter

Investment Director

Simon joined the Oakley group in 2015 as an Analyst and subsequently Associate in the Group's corporate finance division, before joining Pembroke in 2017. Simon is responsible for conducting due diligence on investment opportunities and assisting with a wide range of transactions across the portfolio. Before joining Oakley he worked as an Equity Analyst for two specialist equity investors.

Simon holds an MEng and Ph.D. in Mechanical Engineering from the University of Bristol.

William Goodwin

Portfolio Director

Will joined Pembroke in September 2017 to oversee portfolio management. He is responsible for the performance of Pembroke's investments whilst helping them to achieve their goals through using Pembroke's resources and network where possible.

Will founded his own business in 2010 in the environmental sanitation space and successfully sold it in 2012. Following this, Will trained and qualified as a Chartered Accountant with Beever & Struthers in London before moving to Anthemis Group as group financial controller.

Will has a MEng in Civil Engineering from the University of Bristol and is an ACA Chartered Accountant.

Fred Ursell

Investment Analyst

Fred joined Pembroke in July 2019 as an Investment Analyst. Fred is responsible for conducting due diligence on investment opportunities and assisting with a wide range of transactions across the portfolio. Before joining Pembroke he worked at Grant Thornton UK LLP. At Grant Thornton, Fred was an Executive in a Corporate Finance team in London, operating within their market leading Growth Finance practice.

Fred holds a first class BA (Hons) in Business Studies with Finance from London South Bank University and has passed CFA Level 1.

Part 1

Management Team continued

Orla Walsh

Portfolio Analyst

Orla joined Oakley as a portfolio analyst in 2019. Orla works in the portfolio team and is responsible for all financial reporting and monitoring of the portfolio companies. Prior to joining Pembroke, Orla worked in audit at Deloitte LLP, focussing on privately owned and private equity backed businesses.

Orla qualified as an ACA Chartered Accountant in August 2018.

Rosie Samuels

Team Executive Assistant

Rosie joined in April 2019 as Executive Team Assistant to Pembroke. Before joining the Pembroke team, Rosie worked in London as a PR Account Executive with a focus on consumer brands.

Rosie has a BA (Hons) in English from the University of Nottingham.

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, David Till, 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 non-practicing 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 he is currently a member of the Exiting the EU Select Committee.

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 the SEMA Group he was a director of Frost & Sullivan before moving to McGraw Hill where he was a vice-president in its computer and communications group. 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.

David Till

Non-independent non-executive Director

David Till co-founded the Oakley Capital Group in 2002. He plays a key role within the group and has overall responsibility for operations, finance, due diligence, compliance and Fund formation. Oakley Capital Private Equity invests in, and supports, the continued growth and development of some of Europe's leading companies and seeks to build long-term relationships with talented entrepreneurial founders and managers. Over the past 16 years, Oakley has built expertise in three core sectors: TMT, Digital Consumer and Education, and has strong credentials and networks in these areas. Oakley Capital comprises four mid-market private equity funds. The Funds generate strong returns for their Limited Partners as well as Oakley Capital Investments Limited, a listed investment vehicle that invests in Oakley Private Equity Funds.

David holds a BA (Hons) in Economics from Essex University. He started his career in the British Army, then later qualified as a chartered accountant with Coopers & Lybrand and worked in industry as a finance director before returning to the profession holding senior M&A roles.

The past and present Directors have already invested £1,950,000 in the Company, and the Directors intend to invest a further £50,000 in aggregate under the Offer. Members of the Manager intend to invest between £220,000 and £250,000 under the Offer.

Part 1 Investment Policy



For the purposes of the VCT Rules, the Ordinary Share Pool of assets is already fully invested, while the B Ordinary Share Pool of assets is 71% 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 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 NEX, 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 (20% from 1 April 2020) in such products after it is fully invested under the VCT Rules.

Investment strategy

The Company invests in a diverse portfolio of smaller companies that the Manager believes provide opportunities for value appreciation. These are principally unquoted companies but might include stocks quoted on AIM or NEX.

Pending investment in suitable Qualifying Investments, the Manager can invest in allowable Non-Qualifying Investments intended to generate a positive return.

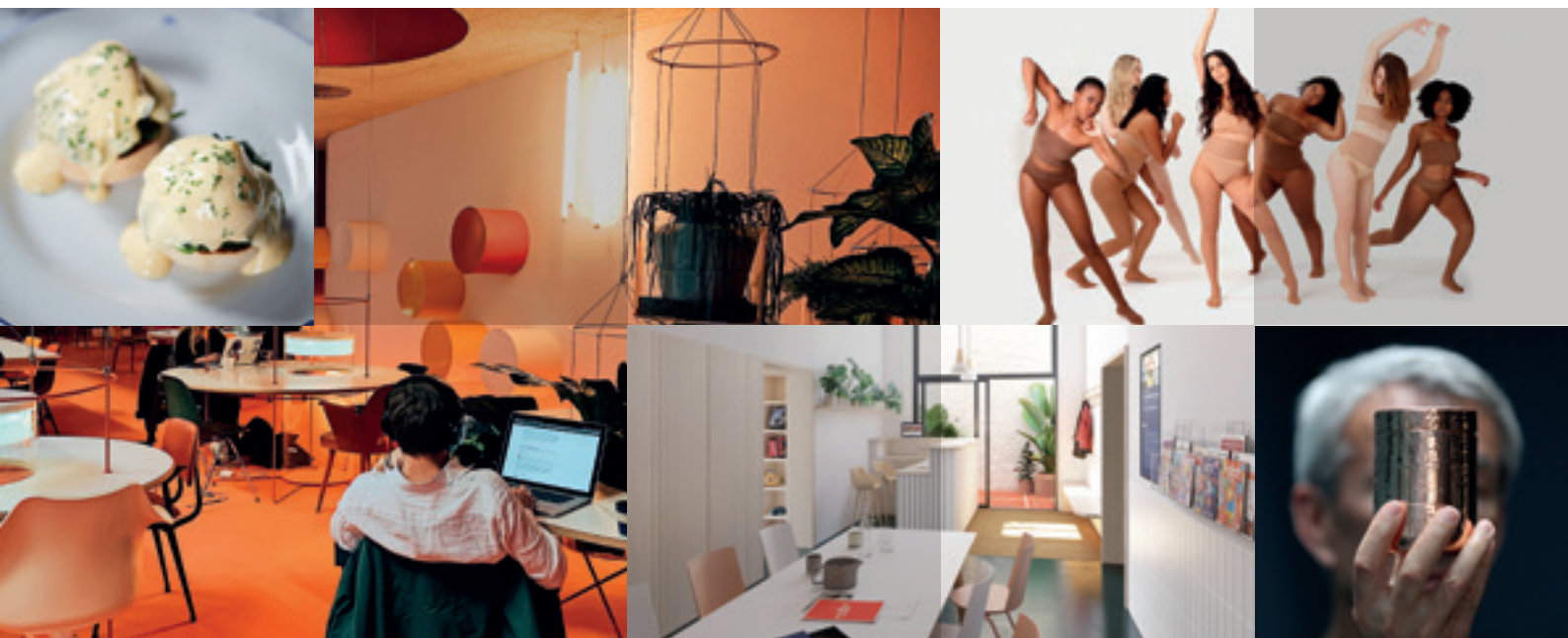
Asset allocation

Qualifying Investment portfolio

Under current VCT legislation, the Company must invest at least 70% of the funds it raises in Qualifying Investments within three years of when those funds are raised (80% from 1 April 2020). A substantial proportion of these Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans, although at the time of investment only up to 15% of net assets may be invested in any single Qualifying Investment.

Non-Qualifying Investment portfolio

As investment in Qualifying Investments might take time to complete, in the first three years following a fundraise a considerable proportion of those funds might need to be invested at least initially in Non-Qualifying Investments (including in certain money market securities, listed securities and cash deposits). The Company can hold up to 30% of its net assets (20% from 1 April 2020) in such products after it is fully invested under the VCT Rules. 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 NEX, 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.

Risk diversification

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

The Company may invest in a diverse range of securities: unquoted Qualifying Investments will typically be structured as a combination of ordinary shares, preference shares, convertible shares and loans.

In order to limit concentration risk in the Pembroke portfolio, at the time of investment no more than 15% by value of the Ordinary Share Pool or the B Ordinary Share Pool, as the case may be, can be invested in any Pembroke portfolio company.

Further, at the time the investment is made no more than 10% in aggregate of the NAV of the Company may be invested in other listed closed-ended investment funds.

Borrowing

In common with many other VCTs, although currently the Board does not intend the Company will borrow funds, the Company has the ability to borrow funds provided that the aggregate principal amount outstanding at any time does not exceed 25% of the value of the adjusted capital and reserves of Pembroke at the time the borrowings are incurred. In summary, this is when the aggregate of (a) the issued share capital plus (b) any amount standing to the credit of the Company's reserves less (c) any distributions declared and intangible assets, and adjusting for any variation to the above since the date of the relevant balance sheet.

Change in investment policy

The Board is responsible for determining the Company's investment policy and will have overall responsibility for the Company's activities. Should a material change in the investment policy be deemed appropriate by the Board, in accordance with the requirements of the Listing Rules, a material change in the investment policy of the Company will only be effected with the prior approval of Shareholders.

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:

- deal or invest in any investment, whether or not for its own account and notwithstanding that similar investments may be held by the Company;
- 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;
- allocate investment opportunities among the funds and accounts it manages in accordance with its internal policies; and
- 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 any Oakley Funds will be discharged by the Manager. There will be no duplication of fees in such situations.

Co-Investment policy

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. Under the Articles, the holders of B Ordinary Shares have no economic rights to the assets in the Ordinary Share Pool and the holders of Ordinary Shares have no economic rights over the B Ordinary Share Pool. Therefore, returns to the holders of B Ordinary Shares 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 NEX-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 Financial Reporting Standards ("FRS").

The underlying principle of FRS 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.

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.

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 quarterly through its annual reports, interim accounts and quarterly reports, 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.



Part 1
Investment Review

At the date of this document, the Company has investments in 36 companies across five sectors, investing £53.3 million. Whilst this review summarises those investments made, it should be borne in mind that some of these investments are ring-fenced for the economic benefit of the holders of Ordinary Shares and some are ring-fenced for the holders of B Ordinary Shares. The B Ordinary Share Pool may invest in follow-on investments in businesses in which the Ordinary Share Pool has invested, and new opportunities which the Manager has identified.



PLENISH

Plenish, founded in 2012, is one of the leading providers of nut milks that are now stocked in all but one major supermarket in the UK and is a fast growing product category. They launched a new range of flavoured grab and go nut milk bottles in early 2019. They also offer cold pressed juices in the UK, offering 100% raw organic (unpasteurised) juice.

	Ordinary shares	B Ordinary shares	Total
Cost	£325,000	£1,550,048	£1,875,048
Valuation	£2,029,324*	£1,952,565*	£3,981,889
Equity holding	5.7%	27.0%	32.7%

*Valuation basis: Last equity raise

Boom Cycle is an indoor cycling concept which offers a fun, high-intensity cardiovascular workout. The business currently has four studios based in London (City, Holborn, Hammersmith and Battersea), with a fifth on the way in Waterloo, where they combine indoor spin cycling with various exercises for both upper and lower body workouts. Boom Cycle is one of the foremost dedicated spinning studios in London, and is on track to replicate the success of some of the larger players in the US.

	Ordinary shares	B Ordinary shares	Total
Cost	£429,460	£2,096,979	£2,526,439
Valuation	£484,730*	£2,274,554*	£2,759,284
Equity holding	5.5%	26.6%	32.1%

*Valuation basis: Price of recent investment round



KX

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.

	Ordinary shares	B Ordinary shares	Total
Cost	£700,000	–	£700,000
Valuation	£1,311,209*	–	£1,311,209
Equity holding	11.8%	–	11.8%

*Valuation basis: EBITDA multiple



Thrive is a proactive healthcare service, which offers at-home blood tests for a range of health markers such as Vitamin B12, Vitamin D, liver function, folate and iron. Consumers receive the testing kit in the post, and use the apparatus included to take a blood sample via a simple pin-prick. The sample is sent to the lab in a return envelope; results are NHS-grade and available within 48 hours. Before being made available to the customer the results are reviewed by a team of qualified GPs who provide explanatory notes as well as clear personalised actions in a bespoke report – this is made available via an online portal.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,329,558	£1,329,558
Valuation	–	£1,329,558*	£1,329,558
Equity holding	–	6.9%	6.9%

*Valuation basis: Cost



KX Urban (KX U) is a pay as you go development of the established KX luxury gym brand. It offers a range of gym classes including Hiit & Run, BodyBarre, yoga, boxing and spinning within a high quality gym environment with a healthy food and beverage offering.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,034,114	£1,034,114
Valuation	–	£1,023,527*	£1,023,527
Equity holding	–	10.3%	10.3%

*Valuation basis: Cost



LYMA was founded in February 2017 with an aspiration to develop a luxury wellness brand. The company worked closely with industry experts and the world's leading nutritional scientists, combining intensive R&D with the latest technological advances to produce a unique and high-quality, evidence-based nutritional supplement.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£999,993	£999,993
Valuation	–	£999,993*	£999,993
Equity holding	–	14.9%	14.9%

*Valuation basis: Cost



Hospitality



Chilango

Chilango is an award-winning chain of quick-service Mexican restaurants based on successful US business models. There are currently eleven restaurants including ten across high footfall areas of Central London, plus a Manchester outlet that forms the basis for the brand's regional roll out.

	Ordinary shares	B Ordinary shares	Total
Cost	£549,850	£85,000	£634,850
Valuation	£1,042,560*	£121,429*	£1,163,989
Equity holding	2.5%	0.4%	2.9%

*Valuation basis: Last equity raise



SOURCED MARKET

Sourced Market, launched in 2007, is a retail, café and restaurant concept that offers a curated selection of locally sourced fresh produce replicating the products and ambience found at a farmers' market. The company's flagship site at St Pancras International in King's Cross has been complemented by three further sites in Marylebone, Victoria and Barbican.

	Ordinary shares	B Ordinary shares	Total
Cost	£830,000	£2,316,767	£3,146,767
Valuation	£1,195,987*	£2,414,848*	£3,610,835
Equity holding	8.1%	22.7%	30.8%

*Valuation basis: Cost



Second Home offers flexible and modern office space for fast growing technology firms and creative businesses. Combining architectural design with first class amenities, Second Home provides users with an impressive office environment in which to locate their business for the short, medium and long term. The company now has sites in London, Lisbon and Los Angeles.

	Ordinary shares	B Ordinary shares	Total
Cost	£525,074	£960,022	£1,485,096
Valuation	£2,812,132*	£1,405,052*	£4,217,184
Equity holding	1.1%	2.1%	3.2%

*Valuation basis: Last equity raise



RUBIES IN THE RUBBLE

Rubies in the Rubble (Rubies) was founded by Jenny Costa in 2012 with the aim of becoming the go-to brand for sustainable condiments. The founder came up with the idea when she visited New Covent Garden Market and saw huge quantities of perfectly edible, but unsold produce thrown away. She returned home with basketfuls of fruit and veg and made it into chutneys and jams, eventually setting up a stall in Borough Market to sell her produce. Every Rubies product makes use of otherwise discarded ingredients: aesthetically rejected fruit and vegetables, or under-utilised by-products of food production.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£250,099	£250,099
Valuation	–	£250,099*	£250,099
Equity holding	–	3.7%	3.7%

*Valuation basis: Cost





FIVE GUYS UK¹

Five Guys was founded in 1986 in the US. 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. It now has 92 outlets in the UK with the estate now close to reaching maturity.

	Ordinary shares	B Ordinary shares	Total
Cost	£1,512,800	£570,400	£2,083,200
Valuation	£4,620,465 ²	£1,742,471 ²	£6,362,936
Equity holding	1.5%	0.6%	2.1%

¹Equity holding is partnership interest

²Valuation basis: Sales multiple



Secret Food Tours

Secret Food Tours is a rapidly-growing food and beverage tour company that has developed a scalable and profitable approach to global expansion. Its flagship events centre on high-end food tours, culinary events and nightlife tours. The company has 60,000 customers per year and operates in 27 top-tier cities across three continents.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,000,206	£1,000,206
Valuation	–	£1,253,936*	£1,253,936
Equity holding	–	9.1%	9.1%

*Valuation basis: Cost



Chucs Bar & Grill is a restaurant concept reflecting the style and branding of the Chucs retail brand. The first restaurant opened on Dover Street in Mayfair, London in 2014, the second on Westbourne Grove, and a third site opened in Harrods in early 2018 with the Serpentine joining in the summer of 2018 taking the company to four sites.

	Ordinary shares	B Ordinary shares	Total
Cost	£614,278	£3,594,701	£4,208,979
Valuation	£1,860,456*	£4,327,909*	£6,188,365
Equity holding	4.1%	24.2%	28.3%

*Valuation basis: Last equity raise

Education

N IS FOR NURSERY

N Nursery & Family Club is a 7-day-a-week neighbourhood club, which offers a nursery (N Nursery) during the week and a family club space (N Family Club) at weekends. N Nursery & Family Club is open 51 weeks, closing only between Christmas and New Year, to provide parents with a flexible offering, the nursery is open from 7.00 a.m. to 7.00 p.m.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,700,100	£1,700,100
Valuation	–	£1,700,100*	£1,700,100
Equity holding	–	12.7%	12.7%

*Valuation basis: Cost

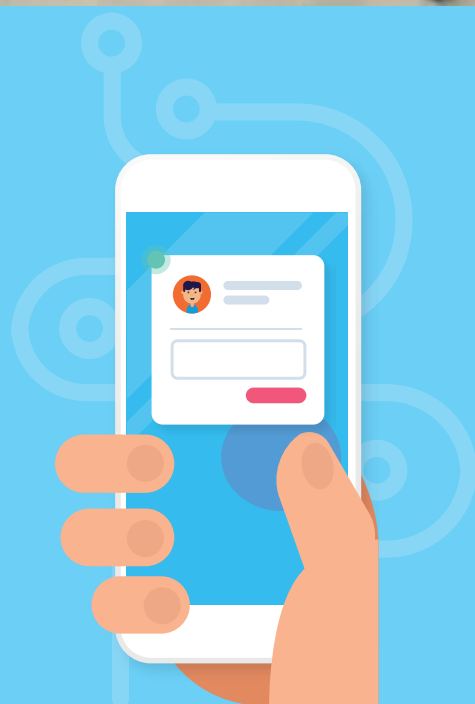


Kinteract

Kinteract is a digital education platform that enables collaboration between teachers, students and parents, and provides guidance to aid child development. It is aimed at those in the early years and schooling sector, both in the UK and internationally. Kinteract is delivered through a simple and elegant interface on desktop, tablet and mobile versions, and allows practitioners, parents and students to record events linked to their learning and development in a collaborative way.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£500,000	£500,000
Valuation	–	£500,000*	£500,000
Equity holding	–	8.7%	8.7%

*Valuation basis: Cost



Apparel and Accessories



TROUBADOUR

Troubadour Goods is a London based luxury men's accessories brand specialising in designing and creating superior handcrafted leather and textile goods. They launched a new and wider range in Autumn 2018 including a new female range of products.

	Ordinary shares	B Ordinary shares	Total
Cost	£590,000	£400,000	£990,000
Valuation	£1,172,422*	£410,872*	£1,583,294
Equity holding	19.4%	13.1%	32.5%

*Valuation basis: Last equity raise

KAT MACONIE

Kat Maconie, founded in 2008, designs and manufactures distinctive ladies’ boots and shoes which are sold online, in department stores and in boutiques globally. In Summer 2017 the company collaborated with a Korean cosmetics major, resulting in significant expansion in sales in the Asian market. The company opened its first retail store in Bermondsey in early 2019.

	Ordinary shares	B Ordinary shares	Total
Cost	£320,000	£630,000	£950,000
Valuation	£979,293*	£697,474*	£1,676,767
Equity holding	7.5%	14.8%	22.3%

*Valuation basis: Last equity raise





BELLA FREUD

Bella Freud is a fashion designer, producing a range of high-end men's and women's clothing, focusing on knitwear. Currently her products are available at her own flagship store on Chilton Street in London, online and through a range of luxury boutiques and department stores in the UK, Asia and the US.

	Ordinary shares	B Ordinary shares	Total
Cost	£400,000	£1,300,000	£1,700,000
Valuation	£1,665,429*	£2,121,626*	£3,787,055
Equity holding	8.9%	29.0%	37.9%

*Valuation basis: Last equity raise

BELLA FREUD PARFUM

With the continuing success of her fashion brand, Bella Freud has launched a series of fragrances blending modernity and heritage, including Je t'Aime Jane, Ginsberg is God and the 1970. The scents are available in eau de parfum and candle format. Bella Freud Parfum is now stocked in a range of boutiques and department stores globally.

	Ordinary shares	B Ordinary shares	Total
Cost	£190,000	£50,000	£240,000
Valuation	£373,707*	£53,469*	£427,176
Equity holding	17.8%	4.7%	22.5%

*Valuation basis: Last equity raise



ME+EM

ME+EM, founded in 2008, is a contemporary womenswear brand founded by Clare Hornby, designing and producing its collections primarily through catalogues and online, with two retail sites in Connaught Street, Bayswater and Elizabeth Street, Belgravia. The range now consists of dresses, knitwear, denim, separates and accessories. The brand targets women aged 30-55 who are busy and fashion conscious, offering a classic aesthetic embodying designer quality at an affordable price.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£889,646	£889,646
Valuation	–	£3,428,510*	£3,428,510
Equity holding	–	12.8%	12.8%

*Valuation basis: Last equity raise





heist

Established in 2015, Heist is a premium hosiery manufacturer that seeks to redefine how tights can feel and wear. It launched its first shape wear item, the Outerbody, in Autumn 2018 to rave reviews and positive customer reviews selling out its first batch ahead of schedule.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£2,248,466	£2,248,466
Valuation	–	£2,595,319*	£2,595,319
Equity holding	–	12.0%	12.0%

*Valuation basis: Last equity raise

ALEXACHUNG

The iconic model and designer, launched her own fashion label in May 2017. It offers accessible luxury womenswear and has already achieved substantial first season wholesale orders. It will produce four in-season collections per year internationally, with stockists in more than 15 countries.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£2,613,163	£2,613,163
Valuation	–	£2,254,961*	£2,254,961
Equity holding	–	21.1%	21.1%

*Valuation basis: Last equity raise



PL PLAYERLAYER

PlayerLayer designs and manufactures customised sports kit for universities, sports clubs and schools. Since it was founded in 2008, it has become a leader in the premium education market providing clothing for some of the top schools and universities including the University of Cambridge. It also has the European license to provide team-wear for Under Armour that was signed in 2018.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,600,680	£1,600,680
Valuation	–	£1,600,680*	£1,600,680
Equity holding	–	10.3%	10.3%

*Valuation basis: Cost

Media and Technology

HOTELMAP

Founded in 2014, HotelMap is a worldwide platform for managing hotel bookings exclusively for business events such as conferences, professional congresses, conventions and trade shows. The company seeks to exploit advantages associated with hotel booking for business events by creating a completely autonomous on-demand platform. HotelMap aims to become the dominant global brand in the sector, enabling the platform to aggregate huge buying power with hotel suppliers as a result of its ability to manoeuvre the world's largest audience of business event delegates to HotelMap's official hotels.

	Ordinary shares	B Ordinary shares	Total
Cost	-	£1,500,000	£1,500,000
Valuation	-	£1,500,000*	£1,500,000
Equity holding	-	5.3%	5.3%

*Valuation basis: Cost

Prospectus | September 2019

Founded in 2014, HotelMap is a worldwide platform for managing hotel bookings exclusively for business events such as conferences, professional congresses, conventions and trade shows. The company seeks to exploit advantages associated with hotel booking for business events by creating a completely autonomous on-demand platform. HotelMap aims to become the dominant global brand in the sector, enabling the platform to aggregate huge buying power with hotel suppliers as a result of its ability to manoeuvre the world's largest audience of business event delegates to HotelMap's official hotels.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,500,000	£1,500,000
Valuation	–	£1,500,000*	£1,500,000
Equity holding	–	5.3%	5.3%

*Valuation basis: Cost



Beryl designs products which enhance bike safety. Their flagship product is the Laserlight, which projects a laser image onto the ground as featured throughout London's current and forthcoming new Santander Cycle fleet. They launched a new data enabled cycle hire bike in early 2019 that removes the need for the traditional infrastructure which is now operational in Bournemouth, Poole, Hereford and London.

	Ordinary shares	B Ordinary shares	Total
Cost	£200,000	£352,697	£552,697
Valuation	£640,690*	£1,129,846*	£1,770,536
Equity holding	1.7%	3.0%	4.7%

*Valuation basis: Last equity raise



Popsa is a photobook app that, through the use of proprietary machine learning algorithms, has reduced the time it takes for customers to produce photobooks from two hours to an average of just six minutes. Popsa operates in a £5 billion global industry that has been built on a clunky and frustrating process - by automating the selection of a customer's most relevant photos, Popsa's disruptive software removes this frustration.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£1,000,078	£1,000,078
Valuation	–	£1,000,078*	£1,000,078
Equity holding	–	9.8%	9.8%

*Valuation basis: Cost

WISHI

Wishi is an innovative fashion technology business that brings together personal styling and online wardrobe management functionality to help fully exploit an individual's current wardrobe and provide new clothing suggestions personalised to their look.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£153,433	£153,433
Valuation	–	£153,433*	£153,433
Equity holding	–	1.4%	1.4%

*Valuation basis: Cost



Rated people

Rated People, founded in 2005, is one of the UK's leading online market places for homeowners to find tradesmen for home improvement work. The company completed a funding round in 2018 at an improved valuation, having implemented a number of cost-saving initiatives and enhancing its customer service offering.

	Ordinary shares	B Ordinary shares	Total
Cost	£585,738	£55,480	£641,218
Valuation	£579,150 ¹	£84,103 ²	£663,253
Equity holding	1.3%	0.1%	1.4%

Valuation basis: ¹Last equity raise, ²cost



BOAT

Recognised as a significant worldwide media group serving the superyacht industry, Boat International Media provides information and data services across traditional print, digital media and high quality events. The company recently launched Boat Pro providing the largest database of information on superyachts anywhere.

	Ordinary shares	B Ordinary shares	Total
Cost	£2,100,000	£1,300,000	£3,400,000
Valuation	£2,678,977*	£1,816,019*	£4,494,996
Equity holding	13.3%	8.3%	21.6%

*Valuation basis: Cost





STILLKING

Stillking Films is a prolific producer of commercials, TV series, feature films and music videos. The company has created commercials for almost all Dow Jones and FTSE advertisers. They have co-produced a number of successful feature films, including Casino Royale, Narnia, Mission Impossible 4 and The Bourne Identity, and created music videos for artists including Beyoncé, Kanye West, Blur, Madonna and One Direction.

	Ordinary shares	B Ordinary shares	Total
Cost	£1,451,770	–	£1,451,770
Valuation	£2,421,575*	–	£2,421,575
Equity holding	5.0%	–	5.0%

*Valuation basis: EBITDA multiple

STYLINDEX

Stylindex is a platform that helps content producers find the best models, creative talent, and production resources for photoshoots, videos, and events. Stylindex's cloud-based platform allows brand teams to manage shoots and assets in one place and manage the whole process of media asset creation right down to billing and rights allocation and embargos.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£200,000	£200,000
Valuation	–	£200,000*	£200,000
Equity holding	–	5.1%	5.1%

*Valuation basis: Cost



Unbolted

Unbolted provides a platform for peer to peer secured lending, offering short-term liquidity to individuals seeking bridging facilities, or advance sale loans for personal or small business use.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£250,033	£250,033
Valuation	–	£250,033*	£250,033
Equity holding	–	4.2%	4.2%

*Valuation basis: Cost

FLOOM

Founded in July 2015, Floom is a curated global marketplace platform for independent florists; its mission is to become the primary destination for customers looking to send flowers worldwide.

	Ordinary shares	B Ordinary shares	Total
Cost	–	£565,000	£565,000
Valuation	–	£565,000*	£565,000
Equity holding	–	8.2%	8.2%

*Valuation basis: Cost

The cost figures and valuations set out on pages 28 to 43 as at 31 March 2019 are audited (or, in the case of later investments or follow-on investments since that date, at cost (unaudited)), and have been provided by the Manager (see paragraph 7D of Part 4).

Bel-Air is currently in the portfolio but is not included above as it is in an administration process, but is included in the detailed information on pages 21 and 68.

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 alongside the rationale and investment structures used for the investment. The following do not represent all of the Qualifying Investments from the Company's portfolio. The valuations (which are shown either as revalued at 31 March 2019 or, in the case of later investments or follow-on investments since that date, at cost) are unaudited and provided by the Manager.

Second Home

Initial investment:	March 2014
Investment cost*:	£1,485,096
Equity acquired:	4.64%
Fair value at 31 March 2019	£4,875,862
Board seat:	No
Valuation uplift:	+228%

*£525,074 from the Ordinary Share Pool, £960,022 from the B Ordinary Share Pool

Business description

Second Home taps into the modern demand for flexible, modern and inspiring office space for start-up and rapidly maturing technology and creative businesses. Engendering an atmosphere of innovation and collaboration, it allows young companies to enjoy an architecturally considered working environment that is flexible to their needs, with smaller floor plans and communal meeting spaces designed to fit their budgets during the early stages of growth. Second Home have found that larger corporates appreciate the atmosphere the site engenders and have located some of their teams in the new space available.

Their first site on Hanbury Street in East London is at full capacity and has expanded to add an additional 20,000 sq ft. The company chose Lisbon for its second site to take advantage of the thriving entrepreneurial sector in the City, with a further two London sites opened in Spring 2018.

Investment structure

Ordinary equity.

Investment rationale

- Capitalises on emerging macro trend towards 'on-demand' services being applied to commercial property successfully by US peers, generating highly favourable valuations at scale. WeWork, a US player in the space, raised \$430 million in March 2016 at a valuation of \$16 billion.
- Targets sectors being actively supported by the UK government, tying into the Tech City UK initiative for incubating smaller digital and knowledge-intensive companies. Current tenants include younger businesses such as TaskRabbit, Artsy and Visualise, the virtual reality specialists, alongside teams from blue-chip corporates including Ernst & Young and VW Financial Services.
- A property acquisition programme that focuses on undervalued property which benefits from cost-effective but stylish refurbishment, ensuring high yields relative to location and a favourable relationship with landlords.

Post investment developments

- Follow-on funding round in 2016 in response to the initial Hanbury Street site reaching capacity with a long waiting list of hopeful tenants.
- Tenant mix continues to diversify with a mixture of start-ups, design houses, blue-chip enterprises wishing to locate specific teams in a more entrepreneurial environment and 'contributors to the eco-system' such as venture capitalists and app development agencies.
- US expansion under development with plans for a location in Los Angeles well advanced.





Plenish

Initial investment:	June 2013
Investment cost*:	£1,875,048
Equity acquired:	32.0%
Fair value at 31 March 2019:	£4,017,860
Board seat:	Yes
Valuation uplift:	+114%

*£325,000 from Ordinary Share Pool, £1,550,048 from B Ordinary Share Pool

Business description

Plenish is a cold-pressed juicing and nut milk company based in London. Plenish produces 100% raw, organic and cold-pressed juice using a range of vegetables and fruits. Its range includes seven juices and four flavours of nut milk which have been well received by the wholesale and retail markets and are now stocked by several of the UK's major supermarket groups.

Investment structure

The investment has been structured primarily as equity, with a small debt component.

Investment rationale

- Highly recognisable brand in the cold pressed juice space.
- Growing cold press juicing market in the UK, with the US market valued at \$5 billion growing at 9% year-on-year.
- Prominent competitor to significant incumbent in UK nut milk space, a rapidly growing category for those seeking a non-dairy milk option.

Post investment developments

- Identified and contracted HPP (high pressure pasteurisation) contractor to increase shelf life of a product without affecting taste or nutrient content.
- Built upon brand strength in cold pressed juices to introduce nut milks and other new products faster and seize critical market share in emerging categories. This allows Plenish to move towards its aim of being a broadly-based healthy drinks brand.

ME+EM

Initial investment:	August 2015
Investment cost*:	£889,646
Equity acquired:	12.8%
Fair value at 31 March 2019:	£3,428,511
Board seat:	Yes
Valuation uplift:	+285%

*all from the B Ordinary Share Pool

Business description

ME+EM, founded in 2008, is a contemporary womenswear brand founded by Clare Hornby, designing and producing its collections primarily through catalogues and online, with two retail sites in Connaught Street, Bayswater and Elizabeth Street, Belgravia. The range now consists of dresses, knitwear, denim, separates and accessories. The brand targets women aged 30-55 who are busy and fashion conscious, offering a classic aesthetic embodying designer quality at an affordable price.

Investment structure

The investment has been made in ordinary equity alongside the founder and initial co-investors.

Investment rationale

- Strong, focused product offering with broad appeal at affordable price point.
- Strong customer advocacy and loyalty.
- Newly established experienced management team prepared for future growth.

Post investment developments

The company has grown stores from two at the time of investment to five in the current portfolio using a simple and cost effective fit-out strategy to focus on the clothes.

- Investment in the management team to ensure that the company has the experience and resource to grow which has shown significant results in the increasing revenues and company valuation.
- The company launched into the US in May 2019 via a dedicated US website.

Part 1

The Manager, Management Arrangements and Costs

The Manager

Pembroke 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, novated to the Manager on 1 July 2014 and varied on 3 October 2014 and 1 December 2017 (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. The Manager acts as the Alternative Investment Fund Manager to the Company.

The Manager provides services in accordance with the IMA for which it receives a management fee of 2% of the Company's NAV. The Manager also contributes to, and caps the Annual Running Costs of the Company, such that they will not exceed £350,000 whilst the NAV remains below £100 million. If the NAV exceeds £100 million the cap increases to £500,000.

In the year to 31 March 2019 the total expense to NAV ratio was 2.3% and is expected to be capped to less than 2.7% in the year to 31 March 2020. In the event of a full subscription of £40 million the total expense to NAV ratio will be approximately 2.4%.

The Manager does not take any arrangement fees, monitoring fees or exit fees from any of the portfolio companies. To align themselves with investors, the Manager does not take any performance incentive fees until investors have been paid actual dividends in excess of: (i) £1 per Share plus (ii) the relevant hurdle, as described further below.

Performance Incentive Fees

As is customary in the venture capital industry, the Manager will be incentivised with a Performance Fee to align the interests of the Manager and Shareholders. The Performance Fee is calculated as 20% (exclusive of VAT) of any amounts distributed to Shareholders in excess of: (i) £1 per Share plus (ii) the relevant annual hurdle.

The Performance Fee in relation to the return on the Ordinary Shares is subject to satisfaction of a hurdle, which is that holders of Ordinary Shares have received in aggregate a return equivalent to at least 8% per annum per Ordinary Share (calculated on a daily basis and not compounded) on the amount subscribed per Ordinary Share (£1) 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. The Performance Fee in relation to the return on the B Ordinary Shares is subject to satisfaction of a hurdle which is that holders of B Ordinary Shares have received in aggregate a return equivalent to at least 3% per annum per B Ordinary Share (calculated on a daily basis and not compounded) on the amount subscribed per B Ordinary Share (£1) 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 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.

Example of Performance Fee in respect of the B Ordinary Shares:

Initial investment.....	£100,000
Five-year hurdle at 3% per year (£3,000 per year)	£15,000
Total hurdle amount	£115,000
Example amount of cash returned to Investor by year six.....	£150,000
Amount on which performance fee applied	£35,000
(being difference between cash returned and total hurdle amount)	
Performance Fee at 20% payable to Manager.....	(£7,000)
Net cash returned to Investor over five years.....	£143,000

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 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 holders of B Ordinary Shares and vice versa.

The B Ordinary Shares will target an annual dividend of 3 pence per B Ordinary Share and will also aim to pay special dividends where significant realisations occur from the sale of its portfolio assets. However, this is a target, and no forecast or projection should be implied or inferred.

The Company paid a 3 pence per Ordinary Share dividend to holders of Ordinary Shares in September 2014, a 0.6 pence per Ordinary Share dividend to holders of Ordinary Shares in October 2015, a 2 pence per Ordinary Share dividend to holders of Ordinary Shares in October 2016, a 1 pence per Ordinary Share dividend to holders of Ordinary Shares in June 2017, a 2 pence per Ordinary Share dividend to holders of Ordinary Shares in October 2017 and a 3 pence per Ordinary Share dividend to holders of Ordinary Shares in October 2018. As anticipated, the holders of B Ordinary Shares received their first dividend of 2 pence per B Ordinary Share in October 2016, a further dividend of 1 pence per B Ordinary Share in June 2017, a further 2 pence per B Ordinary Share in October 2017 and a 3 pence per B Ordinary Share dividend to holders of B Ordinary Shares in October 2018. It is proposed that a 3 pence dividend per B Ordinary Share will be paid to holders of B Ordinary Shares on 31 October 2019.

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 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 may repurchase shares which Shareholders wish to sell, at a discount of no more than 5% to net asset value per Share, less transaction costs payable. Any purchase of Shares will be subject to authority from Shareholders, the Listing Rules, the Company having the necessary cash resources and distributable reserves available for the purchase and will be at the discretion of the Board who must believe 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 disposed 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 has authorities to buy back up to 14.99% of its Ordinary Shares, and up to 14.99% of its B Ordinary Shares.

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 June each year) and a copy of the Company's interim results (expected to be published in December each year).

Corporate Governance

The UK Corporate Governance Code (the "Code") published by the Financial Reporting Council in July 2018 applies to the Company. The Directors note that the Code acknowledges that it does not set out a rigid set of rules and that some provisions may have less relevance for investment companies and, in particular, consider some areas inappropriate due to the size and nature of the business of the Company.

Accordingly, the Company will comply with all the provisions of the Code save that (i) the Company does not conduct on an annual basis 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, (ii) as all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee and in light of the responsibilities delegated to the Manager, its VCT status adviser and Company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive Director and (iii) in view of its non-executive nature and the requirement under the Articles that all Directors are subject to election by Shareholders at the first annual general meeting after their appointment and thereafter at every third annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a fixed term.

In light of the responsibilities retained by the Board and the Audit Committee and of the responsibilities delegated to the Manager, Philip Hare & Associates 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 Philip Hare & Associates LLP has been appointed to advise on tax matters generally and, in particular, on VCT status. HM Revenue & Customs has granted the Company approval as a VCT, and Philip Hare & Associates LLP will assist the Manager (but report directly to the Board) in monitoring compliance with the VCT requirements. Once full approval has been given, the Company must continue to satisfy the requirements of HMRC in relation to VCTs, or it is likely to lose full approval. The Company has received confirmation that the B Ordinary Shares will be regarded as VCT eligible shares. Tax legislation in the Investor's member state may have an impact on the income received from the B Ordinary Shares.

Life of the Fund

Given the changes made to the VCT Rules in 2015 and the consequent shortage of 'evergreen' VCTs unaffected by the new rules, the Directors sought, and were granted, Shareholder approval to extend the life of the Company on a rolling basis (such that it became 'evergreen' with no fixed termination date). However, the Directors intend to keep under review whether it is in the best interest of Shareholders for the Company to continue on a rolling basis.

Part 1

Costs of the Offer and Offer Price

Costs of the Offer

The costs of the Offer to be met by the Company will be (i) the Promoter Fee payable to the Manager, of 3.5% of the value of each application for B Ordinary Shares under the Offer accepted by the Company and (ii) trail commission payable to Intermediaries (see “Commission and Adviser Charge” below), if any. The Manager will pay all other costs of the Offer from the Promoter Fee.

Details of the Offer

It is proposed to raise in aggregate up to £40 million by means of the Offer, being the principal offer of £20 million and the over-allotment facility of a further £20 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 banker’s draft or electronic transfer, on subscription. The Offer will open on 2 September 2019 and it is expected to remain open until 3.00 p.m. on 5 April 2020 in relation to the 2019/2020 tax year, and until 3.00 p.m. on 30 June 2020 in relation to the 2020/2021 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 2020/2021 offer, may be extended by the Directors at their absolute discretion to a date no later than 1 September 2020.

Investors must ensure that any subscriptions in relation to the 2019/2020 tax year are received before 3.00 p.m. on 5 April 2020 and that subscriptions in relation to the 2020/2021 tax year are made by separate cheque, bank transfer or banker’s draft before the closing date of the Offer.

The Offer is not underwritten. The maximum net proceeds of the Offer, assuming full subscription and a Promoter Fee on all such subscriptions of 3.5% (including the over-allotment facility) will be £38.6 million. There is no minimum aggregate subscription below which the Offer will not proceed. The Promoter Fee is based on the value of accepted applications for B Ordinary Shares under the Offer.

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 B Ordinary 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 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 B Ordinary Shares issued under the Offer 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.

The Offer Price

The Offer Price will be calculated by reference to the most recently published net asset value of the existing B Ordinary Shares as at the date of allotment, adjusted for any dividend declared (and in respect of which no adjustment has been made to that net asset value) and for the expenses of the Offer charged to Investors, being the Adviser Charge, if any, and Promoter Fee.

The number of B Ordinary Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole B Ordinary Share):

$$\text{Number of B Ordinary Shares}^1 = \left[\begin{array}{l} \text{Amount subscribed, less:} \\ \text{(i) Promoter Fee}^2 \text{ and} \\ \text{(ii) Adviser Charge (if any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest published} \\ \text{NAV per} \\ \text{B Ordinary Share}^3 \end{array} \right]$$

¹ Adjusted for additional Bonus Shares

² less any reduction agreed by the Promoter for any specific investor or group of investors (where applicable)

³ adjusted for any dividends declared that are ex-dividend but not yet paid, as appropriate.

Illustrative examples (based on a subscription under the Offer of £10,000, a NAV per B Ordinary Share of £1 and no additional Bonus Shares):

- (i) Promoter Fee (non-advised) of 3.5% = £350
Number of B Ordinary Shares = $(10,000 - 350 - 0) \div 1 = 9,650$
- (ii) Promoter Fee (advised) of 3.5% = £350
Example Adviser Charge = £225
Number of B Ordinary Shares = $(10,000 - 350 - 225) \div 1 = 9,425$
- (iii) Promoter Fee (advised) of 3.5% = £350
Example Adviser Charge = £400
Number of B Ordinary Shares = $(10,000 - 350 - 400) \div 1 = 9,250$

It should be noted that the example Adviser Charges set out above have been provided to illustrate the pricing of the Offer and should not be considered as a recommendation as to the appropriate levels of Adviser Charges.

Income tax relief should be available on the total amount invested, subject to VCT regulations and personal circumstances, which in example (i) above would be £3,000 (30% of £10,000), in example (ii) above would be £2,932.50 (30% of £9,775), and in example (iii) above would be £2,880 (30% of £9,600).

Allotment, dealings and settlement

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

It is intended that an initial allotment of B Ordinary Shares under the Offer will be made on 19 December 2019. Successful applicants will be notified by post.

It is expected that the Admission of B Ordinary Shares will become effective, and that trading in those B Ordinary Shares will commence, within ten Business Days of their allotment.

B Ordinary Shares will be issued in registered form, will be freely transferable in both certificated and uncertificated form and are not redeemable. It is anticipated that definitive share certificates will be issued within ten Business Days of each allotment.

B Ordinary 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 B Ordinary 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.

Commission and Adviser Charge

An initial commission of 1% of the amount subscribed may be payable where there is an execution-only transaction and no advice has been provided by the Intermediary to the Investor or where the Intermediary has demonstrated to the Promoter that the Investor is a Professional Client of the Intermediary. Payment of the initial commission is the Manager's responsibility and is payable out of the Promoter Fee.

Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the B Ordinary Shares, and subject to applicable laws, regulations and FCA rules, the Company reserves the right to agree trail commission with Intermediaries on an individual basis up to 0.375% of the net asset value of a B Ordinary Share at the end of each financial year commencing in 2021, for a period of up to six years. Trail commission is payable by the Company.

Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs. Instead of commission being paid by the Company, a fee will usually be agreed between the Intermediary and Investor for the advice and related services ("Adviser Charge"). This fee can either be paid directly by the Investor to the Intermediary or, the payment of such fee, up to an amount not exceeding 4.5% of the amount subscribed by the Investor, may be facilitated from the Investor's funds received by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form (see Box 11). The Investor will be issued fewer B Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula. The Adviser Charge is inclusive of VAT, if applicable.

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 2020 for the tax year 2019/2020 and £200,000 on or after 6 April 2020 for the tax year 2020/2021. 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. Tax reliefs available to Qualifying Subscribers but not available to 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/her 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, where it was known at the time of the subscription that the VCTs were expected to merge. The measure will not affect subscriptions for shares where the monies being subscribed represent dividends which the investor has elected to reinvest.

3. Tax reliefs available to Qualifying Subscribers and available to Qualifying Purchasers

The tax 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 will also 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 HMRC an adjustment to his/her 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 Relating to Qualifying Subscribers only

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/her 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.

The information in this Part 2 is based on existing legislation, including taxation legislation. The tax legislation of the UK and of any other jurisdiction to which an Investor is subject may have an impact on the income received from the securities. The tax reliefs described are those currently available. Levels and bases of, and relief from taxation are subject to change and such change could be retrospective.

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 HMRC;
 - 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. From 1 April 2020, this requirement will increase to 80%;
 - vi. for shares issued on or after 1 April 2019, at least 30% of the funds raised will need to be invested in Qualifying Holdings by the anniversary of the end of the accounting period in which the shares were issued,
 - vii. at least 70% by value of Qualifying Holdings 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;
 - viii. it must have at least 10% by value of its investments in any Qualifying Company in ordinary shares which carry no preferential rights;
 - ix. 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);
 - x. it must generally not retain more than 15% of the income which it derives from shares and securities in the period;
 - xi. 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. From 6 April 2018 a company which is deemed to be a Knowledge Intensive Company may receive up to £10 million of State Aid investment in a twelve month period;
 - xii. 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;
 - xiii. no investment made by the Company in a company which causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime;
 - xiv. no investment can be made by the Company in a company whose first commercial sale was more than seven years prior to the date of investment (ten years for a Knowledge Intensive Company), except where previous Risk Finance State Aid was received by the company within those seven (or ten) years or where a turnover test is satisfied and the company is entering a new product market or a new geographic market;
 - xv. no funds received from an investment into a company can be used to acquire another existing business or trade; and
 - xvi. the VCT must not make a Non-Qualifying Investment other than those specified in section 274 ITA 2007.
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 paragraphs 1(v) and (vii) above, up to the third accounting period (see below under the heading, "Approval as a VCT").
3. The risk-to-capital condition introduced in the Finance Act 2018 requires that the Qualifying Company has long term growth plans and that the investment made by the VCT is at risk.

Qualifying Holdings

4. 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 NEX are treated as unquoted;
 - ii. 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. have fewer than 250 employees immediately pre-investment (500 for a Knowledge Intensive Company); and
 - vii. not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).

The company's first commercial sale must be no more than seven years before the VCT's investment (ten years for a Knowledge Intensive Company) prior to the date of investment, except where previous Risk Finance State Aid was received by the company within those seven years or where a turnover test is satisfied. Funds received from an investment by a VCT cannot be used to acquire another existing business or trade.

Qualifying Investments are limited to aggregate investments of £5 million in the twelve months ending on the date of the investment (from 6 April 2018, £10 million for a Knowledge Intensive Company) and £12 million in total (£20 million for a Knowledge Intensive Company).

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 4(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 4(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.
9. The risk-to-capital condition introduced in the Finance Act 2018 requires that the Qualifying Company has long-term growth plans and that the investment made by the VCT is at risk.
10. Since 15 March 2018, the rate of return on investments in loans in Qualifying Companies cannot exceed a commercial rate of return and must be unsecured.

Approval as a VCT

11. A VCT must be approved as such at all times by HMRC. 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.
12. 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 HMRC 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.
13. However, in order to facilitate the launch of VCTs, HMRC may grant provisional approval to a VCT, notwithstanding that not all the relevant tests are satisfied at the time of the application, provided that HMRC is satisfied that the tests will be satisfied within a certain period. In particular, HMRC may grant provisional approval if it is satisfied that:
 - i. the relevant tests in paragraphs 1(iii), 1(iv), and 1(ix) to 1(xvi) 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 tests in paragraphs 1(v) and 1(vii) 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) to 1(xvi) under the heading, "Qualifying as a VCT" above, will continue to be satisfied in all subsequent accounting periods.
14. 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. On the creation of the B Ordinary Shares HMRC confirmed that the B Ordinary Shares were eligible shares for VCT tax relief purposes.

Withdrawal of approval

15. Approval as a VCT may be withdrawn by HMRC 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.
16. 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 above under the heading "Loss of VCT status".
17. HMRC has stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if, after taking reasonable steps including seeking advice, a VCT considers that an investment is qualifying. However, HMRC may require rectification of the breach, which may mean that the VCT is forced to dispose of the investment at a loss.

The information in this Part 3 is based on existing legislation, which may change and which change could be retrospective.

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 FCA 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 1 pence 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 At the General Meeting of the Company convened for 26 September 2019, the following resolutions are being put to Shareholders:
 - 2.2.1 that, the Directors of the Company be authorised to allot B Ordinary Shares up to an aggregate nominal value of £400,000 pursuant to offer(s) for subscription and further amounts up to an aggregate nominal amount representing 20% of the issued B Ordinary Share capital of the Company from time to time, such authority expiring on 25 December 2020 unless revoked, varied or extended by the Company in general meeting;
 - 2.2.2 the pre-emption rights in respect of the above allotments be disapplied; and
 - 2.2.3 subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company at the date an order is made confirming such cancellation by the Court, be cancelled.
- 2.3 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.
- 2.4 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.5 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. The LEI of the Company is 213800RLWAGHVUX8HR40.
- 2.6 The issued share capital of the Company is, at the date of this document, 18,097,588 Ordinary Shares and 52,140,888 B Ordinary Shares. Assuming full subscription under the Offer, full utilisation of the over-allotment facility, an Offer Price of 116 pence per B Ordinary Share and a Promoter Fee of 3.5% on all such subscriptions, the issued share capital of the Company following the Offer will be 18,097,588 Ordinary Shares and 86,623,646 B Ordinary Shares.
- 2.7 The Company will be subject to the continuing obligations of the FCA 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 the 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 Articles contain provisions to the following effect:
 - 3.2.1 **Voting rights**
Subject to any disenfranchisement as provided in paragraph 3.2.5 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 an 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 different share classes**

Under the Articles, the Company has two share classes, the Ordinary Shares and the B Ordinary Shares.

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 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 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.

3.2.3 **Transfer of Shares**

Subject to paragraph 3.2.15 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:

- 3.2.3.1 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;
- 3.2.3.2 it is in respect of only one class of share;
- 3.2.3.3 the transferees do not exceed four in number; and
- 3.2.3.4 if it is in respect of a Share on which the Company does not have a lien.

3.2.4 **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.

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.

3.2.5 **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.

Part 4

Additional Information *continued*

3.2.6 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.

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.

3.2.7 Changes in share capital

3.2.7.1 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.

3.2.7.2 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.

3.2.7.3 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.

3.2.8 Special reserve

The Articles provide for the special reserve resulting from the cancellation of the Company's share premium account on 26 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.

3.2.9 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.

3.2.10 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 of 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.

3.2.11 Directors' interests

- 3.2.11.1 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.
- 3.2.11.2 Provided that he has declared his interest in accordance with paragraph 3.2.11.1, 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.
- 3.2.11.3 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:
- 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;
 - 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;
 - 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;
 - 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 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the Company;
 - 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;
 - 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
 - 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.
- 3.2.11.4 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.

3.2.12 Remuneration of Directors

- 3.2.12.1 Subject to paragraph 4.2.12.3 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.
- 3.2.12.2 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.
- 3.2.12.3 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 dependents or, apart from membership of any such scheme, the payment of a pension or other benefits to him or his dependents on or after retirement or death.

Part 4

Additional Information continued

3.2.13 Retirement of Directors

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.

3.2.14 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).

The test shall be the aggregate principal amount outstanding at the time of borrowing rather than from time to time.

3.2.15 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 are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Uncertificated Securities Regulations 2001. The new B Ordinary Shares to be issued under the Offers have been made eligible for settlement in CREST.

3.2.16 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 annual 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 auditor. 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 30 minutes of 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 14 days and not more than 28 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.

4. Directors and other interests in the Company

- 4.1 DTR 5 of the Disclosure Guidance 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 September 2019, being the last practicable date prior to publication of this document, held 3,717,000 Ordinary Shares and UBS Private Banking Nominees Limited which, as at 1 September 2019 held 9,349,147 B Ordinary Shares (being approximately 20.5% and 17.9% of the issued Ordinary and B Ordinary share capital of the Company respectively), 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 now and 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), a Promoter Fee of 3.5% on all such subscriptions at an Offer Price of 116 pence per B Ordinary Share:

Director	Number of Ordinary shares	% of Ordinary shares in issue	Number of B Ordinary shares		% of B Ordinary shares in issue	
			Current	Following Offer	Current	Following Offer
Jonathan Djanogly	25,000	0.14%	25,000	25,000	0.05%	0.03%
Laurence Blackall	200,000	1.11%	100,000	100,000	0.19%	0.12%
David Till	100,000	0.55%	90,569	133,672	0.175	0.15%

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 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, a former Director, has a controlling interest in Oakley and is also a member of the Manager (holding a majority of the membership interest). 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 Oakley being an associate of Peter Dubens for the purposes of the Listing Rules, any transactions between the Manager and the Company, or Oakley and the Company, are potentially related party arrangements.
- 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, in the case of Jonathan Djanogly and Laurence Blackall, and 28 August 2018 in the case of David Till, 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 5.9 below. 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 employees of the Manager.

Part 4

Additional Information continued

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
Jonathan Djanogly 2 & 3 Angel Court Management Company Limited CGLV Limited Pembroke VCT plc The Djanogly Family LLP	
Laurence Blackall Cybertrends Limited Double Digit Media Limited Flora Park General Partner Limited* Hypersonica Limited Manoir Hotels Limited* Oakley Capital Investments Limited Pembroke VCT plc	Daisy Holdings Limited EXMS 11 Limited (dissolved)** Blackweir Inns Limited (dissolved) Colourweir Inns Limited (dissolved) Send for Help Limited Shadeweir Inns Limited (dissolved) Whiteweir Inns Limited (dissolved)
David Till D.C. Nominees Limited Kearsley Nominees Limited Duncan Clark Limited LPEC Limited SPP (General Partner) Limited SPP Wombwell Limited Flora Park General Partner Limited* HEIG (UK) Limited Pont London Limited KX Cafe UK Limited KX Holdings Limited KX Spa UK Limited KXDNA Limited KX Gym UK Limited BF 55 Limited BGM 55 Limited BGE 55 Limited Oakley Capital Management Limited XWDP Limited Pembroke Investment Managers LLP Pembroke Managers Limited JP-UK Limited Boat Bidco Limited Boat International Group Limited KX Group Holding Limited Oakley Advisory Limited Ocean Family Foundation KX U Limited Lechlade Capital Limited Oakley Capital Interests Limited Palmer Capital LLP Oakley Capital Limited Palmer Capital Associates Limited Oakley Capital Partners LLP Pembroke VCT plc	KX Chelsea Limited (dissolved) SPP Residential (General Partner) Limited (dissolved) KX Covent Garden Limited (dissolved) Stonehill Founder Shares Corporate Member Limited (dissolved) Janlex Advisers Corporate Member Limited (dissolved) Broadstone Financial Planning Limited (dissolved) Fitzwilliam Asset Management Limited (dissolved)** Profounders Capital Limited (dissolved) Oakley Capital 5th Floor Limited (dissolved) EXMS 11 Limited (dissolved)** JP-UK Delivery Limited (dissolved) MDR Business Solutions Limited (dissolved) Healthy & Eatali Limited Tamerton Capital LLP (dissolved) Principia Investment Management Limited BPI 55 Limited* Penfield Inc Limited Temeraire Capital Limited Broadstone Corporate Benefits Limited Broadstone Risk & Healthcare Limited CG Wealth Planning Limited Damoco Bidco Limited Damoco Holdco Limited Damoco Midco Limited Emplane Limited (dissolved) Freedom4 Limited (dissolved) EXMSG Limited (dissolved)** Oakley Capital 8th Floor Limited (dissolved)

* In solvent liquidation

** In solvent liquidation prior to dissolution

- 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 save as set out in paragraph 4.10 above, 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 David Till was the finance director of Crown Products Group plc between November 1995 and January 1998 and a director of its subsidiary, Endbourne 1 Limited. Both of these companies entered into administrative receivership in 1998 with an overall creditor shortfall of approximately £7.5 million. David Till was also a non-executive director of Warner Brothers Studio Stores Limited, which was placed into administration in 2004 with a creditor shortfall of approximately £7.5 million.
- 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 ended 31 March 2020, based on the arrangements currently in place with each Director, will not exceed £50,000.
- 4.15 Save insofar as Peter Dubens and David Till are members of the Manager (Peter Dubens holding the majority of the membership interest), and Oakley and Palmer are associates of Peter Dubens, and save as set out in the section headed "Conflicts of Interest" in Part 1, no Director or member of the Manager has any conflict of interest between his/her duties to the Company and their private interests or other duties.
- 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 5.9 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committee of the Company (the "Committee") comprises Laurence Blackall (Chairman) and Jonathan Djanogly and meets at least twice a year. The Company's auditor 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 interim 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.

Part 4

Additional Information continued

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 two years immediately preceding the date of this document, or any other contract 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 Offer Agreement – Offer

Under an offer agreement dated 2 September 2019 and made between the Company (1), the Directors (2), Howard Kennedy (3) and the Manager (4), Howard Kennedy agreed to act as sponsor to the Offer and the Manager undertook 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 B Ordinary Shares under the Offer. Under the Offer Agreement, the Manager will be paid a Promoter Fee of 3.5% of the value of each Application accepted by the Company.

The Manager will pay all costs and expenses of or incidental to the Offer and Admission, excluding any annual trail commission but including commission payable to the Distributor. Total initial costs payable by the Company under the Offer Agreement are limited to 3.5% of the gross proceeds of the Offer.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Manager, 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 2021. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of £2,000,000 (or 70% of gross funds raised under the Offer (whichever is higher)) for the Manager and one-half year's director's fees for each Director. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any material statement in the Prospectus is untrue, any material omission from the Prospectus arises or any material breach of warranty occurs.

5.2 Offer Agreement – 2018 Offer

Under an offer agreement dated 29 August 2018 (the "2018 Offer Agreement") and made between the Company (1), the Directors (2), Howard Kennedy (3) and the Manager (4), Howard Kennedy agreed to act as sponsor to the 2018 Offer and the Manager undertook as agent of the Company to use its reasonable endeavours to procure subscribers under the 2018 Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares under the 2018 Offer. Under the 2018 Offer Agreement, the Manager was paid a promoter fee of 3.5% of the value of each application under the 2018 Offer accepted by the Company.

The Manager paid all costs and expenses of or incidental to the 2018 Offer and admission, excluding any annual trail commission but including commission paid to the Distributor. Total initial costs paid by the Company under the 2018 Offer Agreement were limited to 3.5% of the gross proceeds of the 2018 Offer.

Under the 2018 Offer Agreement, which could be terminated by the parties in certain circumstances, the Manager, the Company and the Directors had 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 2020. The warranties and indemnities were in usual form for a contract of this type and the warranties are subject to limits of £2,000,000 (or 70% of gross funds raised under the 2018 Offer (whichever is higher)) for the Manager and one-half year's director's fees for each Director. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the 2018 Offer Agreement. The 2018 Offer Agreement could be terminated, *inter alia*, if any material statement in the prospectus was untrue, any material omission from the prospectus arises or any material breach of warranty occurs.

5.3 Offer Agreement – 2017 Offer

Under an offer agreement dated 1 December 2017 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor agreed to act as sponsor to the 2017 Offer and Oakley and Kin Capital undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2017 Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares. Under the offer agreement, with the exception of those investors who made applications under the 2017 Offer that were received on or before 5 p.m. on 12 January 2018 ("2017 Early Applications") (see below), Oakley was paid a promoter fee of 2.5% on accepted applications under the 2017 Offer (where it is not required to pay commission to an Intermediary). If Oakley was required to pay commission to an Intermediary, Oakley was paid a promoter fee of 5.5% on accepted applications.

In the case of investors who made 2017 Early Applications (with no Intermediary commission), Oakley received a promoter fee of 1.5% on any applications except those through direct investments (which attracted a promoter fee of 3%).

Oakley agreed to pay all costs and expenses of or incidental to the 2017 Offer and admission of B Ordinary Shares issued under the 2017 Offer including commission payable to Kin Capital. The Company paid a promoter fee on the value of each application for B Ordinary Shares accepted by the Company. Total initial costs payable by the Company under the offer agreement were limited to 5.5% of the gross proceeds of the 2017 Offer.

Under the offer agreement, which may be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital, the Company and the Directors gave 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 2019. The warranties and indemnities were in usual form for a contract of this type and the warranties are subject to limits of £100,000 for Oakley, £100,000 for Kin Capital and £2,000,000 (or 70% of gross funds raised under the 2017 Offer

(whichever is higher)) for the Manager and one half-year's director's fees for each Director. The Company 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 material statement in the prospectus relating to the 2017 Offer was untrue, any material omission from that prospectus arises or any material breach of warranty occurs.

5.4 Offer Agreement – 2016 Offer

Under an offer agreement dated 30 November 2016 made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor agreed to act as sponsor to the 2016 Offer and Oakley and Kin Capital undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2016 Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares. Under this offer agreement, the Company paid Oakley a commission of either 2% or 5% of the aggregate value of accepted applications for B Ordinary Shares received pursuant to the 2016 Offer.

Oakley paid all costs and expenses of or incidental to the 2016 Offer and subsequent admission of B Ordinary Shares including commission payable to Kin Capital. The Company paid a promoter fee on the value of each application for B Ordinary Shares accepted by the Company under the 2016 Offer. Total initial costs payable by the Company under the offer agreement were limited to 5% of the gross proceeds of the 2016 Offer.

Under this offer agreement, which could be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital, the Company and the Directors gave 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 2019. 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 Oakley, £100,000 for Kin Capital and £2,000,000 (or 70% of gross funds raised under the 2016 Offer (whichever is higher)) for the Manager and one half-year's director's fees for each Director. The Company also agreed to indemnify the Sponsor in respect of its role as sponsor and under the offer agreement. The offer agreement could be terminated, *inter alia*, if any material statement in the prospectus relating to the 2016 Offer is untrue, any material omission from that prospectus had arisen or any material breach of warranty had occurred.

5.5 Offer Agreement – 2015 Offer

Under an offer agreement dated 29 October 2015 made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor agreed to act as sponsor to the 2015 Offer and Oakley and Kin Capital undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2015 Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares. Under this offer agreement, the Company paid Oakley a commission of either 2% or 5% of the aggregate value of accepted applications for B Ordinary Shares received pursuant to the 2015 Offer.

Oakley paid all costs and expenses of or incidental to the 2015 Offer and subsequent admission of B Ordinary Shares including commission payable to Kin Capital. The Company paid a promoter fee on the value of each application for B Ordinary Shares accepted by the Company under the 2015 Offer. Total initial costs payable by the Company under the offer agreement were limited to 5% of the gross proceeds of the 2015 Offer.

Under this offer agreement, which could be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital, the Company and the Directors gave 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 2017. 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 Oakley, £100,000 for Kin Capital and £2,000,000 (or 70% of gross funds raised under the 2015 Offer (whichever is higher)) for the Manager and one half-year's director's fees for each Director. The Company also agreed to indemnify the Sponsor in respect of its role as sponsor and under the offer agreement. The offer agreement could be terminated, *inter alia*, if any material statement in the prospectus relating to the 2015 Offer is untrue, any material omission from that prospectus had arisen or any material breach of warranty had occurred.

5.6 Investment Management Agreement

An agreement (the "IMA") dated 15 February 2013 and made between the Company and the Original Manager whereby the Original Manager 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 and on 3 October 2014 and 1 December 2017 the IMA was varied.

The Manager has agreed to act as Alternative Investment Fund Manager to the Company.

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% 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% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly. 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: (i) £1 per Share plus (ii) the relevant hurdle, (the "Performance Fee"). As amended by the Investment Management Agreement Amendment Agreement in paragraph 5.5 below 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 holders of Ordinary Shares

Part 4

Additional Information *continued*

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 applies in relation to the Performance Fee in respect of amounts paid to holders of B Ordinary Shares. Where, at the time of a distribution there have been previous distributions to the holders of Ordinary Shares, 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 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 twelve months' notice in writing given by either party at any time after 16 April 2023. 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.

5.7 Investment Management Agreement Amendment Agreement

On 3 October 2014, the Manager and the Company entered into an amendment agreement to the IMA (as further revised on 1 December 2017) providing the following:

- (a) the Performance Fee (as described in paragraph 5.4 above) would be applied on the B Ordinary Shares on the same basis as on the Ordinary Shares but with a hurdle of 3% per annum; and
- (b) the Manager agreed formally to act as Alternative Investment Fund Manager to the Company.

5.8 Investment Management Agreement Further Amendment Agreement

On 1 December 2017, the Manager and the Company entered into a further amendment agreement to the IMA providing that the definition of Annual Running Costs be amended so that it also excludes auditors' fees, administration, accounting and company secretarial costs, share registrars' fees, London Stock Exchange fees, printing and mailing costs in respect of the year end audited accounts, interim accounts and circulars to Shareholders, fees in respect of regulatory announcements made through a Regulatory Information Service, corporate broking fees, insurance premiums, and remuneration of the Board (including employers' national insurance contributions) where the aggregate of such fees in any rolling period of 12 months, for such time as the Net Asset Value of the Company is £100,000,000 or less, is less than £350,000 and, for such time as the Net Asset Value of the Company exceeds £100,000,000, is less than £500,000.

5.9 Directors' Letters of Appointment

Each of Jonathan Djanogly and Laurence Blackall has entered into an agreement with the Company dated 15 February 2013, and David Till has entered into an agreement with the Company dated 28 August 2018, as referred to in paragraph 4.8 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 last reporting period to 31 March 2019, Jonathan Djanogly received £20,000, Laurence Blackall received £15,000 and David Till received £15,000.

5.10 Administration Agreement

An agreement dated 15 February 2013 (as varied on 3 October 2014) and made between the Company and The City Partnership (UK) Limited (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. Further to an amendment agreement entered into between the Company and the Administrator on 3 October 2014, following the launch of the Initial B Share Offer the annual fee was increased to take into account the creation of the B Ordinary Share class (with it being agreed that the annual fee would be based upon gross funds raised by the Company under all of its offers). The administration fee is currently charged at a rate of £82,275 per annum (subject to increase by an amount equal to 0.05% of any further funds raised by the Company in any future share issues), plus VAT at the relevant rate. The annual fee is payable quarterly in advance and increases annually in line with RPI.

The Administration Agreement 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.

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 and its website address is: www.pembrokevct.com. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus. 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) during the previous 12 months 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.
- 6.4 The Manager will receive management fees and other payments from the Company as described in paragraph 5 above, and commission payments in relation to the Offer from the Company as described in paragraph 5.1 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.
- 6.6 The Manager is Pembroke 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 Offer Price will represent a premium 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 Manager on the terms set out in the Offer Agreement. If the maximum of £20 million is raised under the Offer (with the over-allotment facility not being utilised and a Promoter Fee of 3.5% on all such subscriptions) the net proceeds will amount to £19.3 million. If the over-allotment facility is utilised, and the maximum of £40 million is raised, the net proceeds will amount to £38.6 million.
- 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 auditor of the Company for the period covered by the historical financial information set out in paragraph 7 of this Part 4. It is registered by the Institute of Chartered Accountants in England and 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 5.9 above, the fees payable for investment adviser services under the IMA, the fees payable to the Manager under the 2018 Offer and the current Offer and the irrevocable and unconditional commitment to subscribe for B Ordinary Shares from David Till, a Director, under the current Offer, there have been no other related party transactions or fees paid by the Company since 31 March 2019 to the date of this document.
- 6.13 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.
- 6.14 The following table shows the capitalisation of the Company as at 30 June 2019.

Shareholders' equity	£
Called up share capital	671,373
Legal reserve (share premium account)	53,207,571
Other reserves (includes revenue reserve)	25,869,303
Total	79,748,247

There has been no material change in the capitalisation of the Company since 30 June 2019, save for the issue of B Ordinary Shares on 5 July 2019 which added £3,483,055 to Shareholders' Equity.

- 6.15 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.
- 6.16 The Company does not assume responsibility for the withholding of tax at source.
- 6.17 The Manager will provide custodian services to the Company and will hold the assets in the name of the Company.
- 6.18 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:

Part 4

Additional Information *continued*

- 6.18.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
- 6.18.2 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
- 6.18.3 it must manage and invest its assets in accordance with the investment policy set out on pages 24 and 25 which contains information about the policies which it will follow relating to asset allocation, risk diversification and which includes maximum exposure.
- 6.19 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.
- 6.20 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.
- 6.21 The Manager accepts responsibility for the financial information contained in or referred to on pages 46 and 28 to 43 of this document, and which are referenced in this paragraph 6.21. 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 5.3.2R(2)(f) of the Prospectus Regulation 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.
- 6.22 The Offer has been sponsored by Howard Kennedy Corporate Services LLP whose offices are at No.1 London Bridge, London SE1 9BG 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 this document with the inclusion of its name in the form and context in which it is included.
- 6.23 The Offer is being promoted by the Manager.
- 6.24 The issued share capital of the Company as at the date of this document is 18,095,005 Ordinary Shares and 52,140,888 B Ordinary Shares. Assuming a full subscription of £40 million at an Offer Price of 116 pence per B Ordinary Share (with the over-allotment facility fully utilised and a Promoter Fee of 3.5% on all such subscriptions), the existing Shares would represent 67.1% of the enlarged issued share capital of the Company.
- 6.25 As at 31 March 2019, the date to which the most recent financial information on the Company has been drawn up, the audited NAV per Ordinary Share was 138.27 pence and audited NAV per B Ordinary Share was 111.90 pence. The Shares will usually trade at a discount to their underlying net asset value. 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 which may, therefore, adversely affect the market price of the B Ordinary Shares and the ability to sell them.
- 6.26 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.
- 6.27 The results of the Offer will be announced through a Regulatory Information Service within three Business Days of the closing date of the Offer.
- 6.28 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 3.00 p.m. on 30 June 2020, unless previously extended by the Directors to a date no later than 1 September 2020. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 6.29 **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 6.28.**
- 6.30 The maximum number of B Ordinary Shares which are the subject of this Prospectus is 40,000,000 B Ordinary Shares.
- 6.31 Any forward looking statements in this Prospectus do not in any way seek to qualify the working capital statement in paragraph 6.13 of this Part 4 and will be updated as required by the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance & Transparency Rules, as appropriate.
- 6.32 The Prospectus has been approved by the Financial Conduct Authority, as competent authority under Regulation (EU) 2017/1129. The FCA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval shall not be considered as an endorsement of the Company or the quality of the B Ordinary Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the B Ordinary Shares. The Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129.

7. Financial information

A. Introduction

The Company's auditor is Grant Thornton UK LLP, registered auditor, of 30 Finsbury Square, London EC2P 2YU and regulated by the Institute of Chartered Accountants in England and Wales and has been the only auditor 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 period ended 31 March 2019 (the "Reporting Period") and, in respect of these statutory accounts, the Company's auditor made an unqualified report under section 495, section 496 and section 497 of the CA 2006 and which has been delivered to the Registrar of Companies and such accounts did not contain any statements under section 498(2) or (3) of the CA 2006, as applicable.

The statutory accounts of the Company for the period ended 31 March 2019 were prepared under Financial Reporting Standard 102.

B. Published Annual Report and Accounts

Historical financial information

The statutory accounts for the Reporting Period contain descriptions of the Company's financial condition, changes in financial condition and results of operation for the Reporting Period and the pages referred to below are being incorporated by reference.

Where only certain parts of a document are incorporated by reference, the non-incorporated parts are either not relevant for an Investor or covered elsewhere in the Prospectus.

Such information includes the following:

Nature of information	31 March 2019
Income statement	Page 51
Reconciliation of movements in shareholders' funds	n/a
Statement of changes in equity	Page 54
Balance sheet	Page 52
Cash flow statement	Page 56
Accounting policies	Pages 59-60
Notes to the accounts	Pages 58-70
Independent auditor's reports	Pages 46-49

Operating and financial review

Nature of information	31 March 2019
Chairman's statement	Pages 08-09
Investment Adviser's Review	Pages 12-13
Statutory Reports	Pages 32-45

Copies of the above statutory accounts are available free of charge at the Company's registered office or from its website, the address of which is <http://www.pembrokevct.com/investors>. The announcement of these 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.

There has been no significant change in the financial performance of the Company since 31 March 2019 (being the end of the last financial year of the Company for which audited financial information has been published) to the date of this Prospectus.

C. No significant change

Since 31 March 2019 (being the end of the last financial year of the Company for which audited financial information has been published), the Company raised £16.2 million pursuant to an offer for subscription which opened on 29 August 2018. Save in respect of this fundraising, there has been no significant change in the financial position of the Company.

Part 4

Additional Information continued

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 2019 together with additions to the portfolio since that date shown at cost):

	Ordinary Shares			B Ordinary Shares			Total		
	Cost £	Valuation £	Holding %	Cost £	Valuation £	Holding %	Cost £	Valuation £	Holding %
Wellness									
Boom Cycle	429,460	484,735	8.7	2,096,979	2,279,036	23.3	2,526,439	2,763,771	32.1
KX Gym	700,000	1,311,209	11.8	–	–	0.0	700,000	1,311,209	11.8
Plenish	325,000	2,065,295	16.2	2,050,048	2,452,565	16.4	2,375,048	4,517,860	32.7
KX U	–	–	0.0	1,034,114	1,154,953	10.3	1,034,114	1,154,953	10.3
Lyma Life	–	–	0.0	999,993	999,993	14.9	999,993	999,993	14.9
Thriva	–	–	0.0	1,329,558	1,329,558	6.9	1,329,558	1,329,558	6.9
Hospitality									
Chilango	549,850	1,042,560	2.6	85,000	121,429	0.3	634,850	1,163,989	2.9
Five Guys UK	1,512,800	5,329,083	1.5	570,400	2,009,800	0.6	2,083,200	7,338,883	2.1
La Bottega	1,960,000	–	0.0	1,050,000	464,972	49.5	3,010,000	464,972	49.5
Chucs Bar & Grill	614,278	1,860,456	9.3	3,594,701	4,357,927	22.3	4,208,979	6,218,383	31.6
Second Home	525,074	2,812,132	2.2	960,022	1,405,052	1.1	1,485,096	4,217,184	3.2
Sourced Market	830,000	1,195,987	18.1	2,816,767	2,936,794	12.7	3,646,767	4,132,781	30.8
Bel-Air	–	–	0.0	300,000	–	8.0	300,000	–	8.0
Secret Food Tours	–	–	0.0	1,000,206	1,253,936	9.1	1,000,206	1,253,936	9.1
Rubies in the Rubble	–	–	0.0	250,099	250,099	3.4	250,099	250,099	3.4
Education									
N is for Nursery	–	–	0.0	1,700,100	1,702,730	12.7	1,700,100	1,702,730	12.7
Kinteract	–	–	0.0	500,000	500,000	12.6	500,000	500,000	12.6
Apparel and Accessories									
Kat Maconie	320,000	979,293	22.3	730,000	814,178	0.0	1,050,000	1,793,471	22.3
Troubadour Goods	590,000	1,172,422	28.6	400,000	415,187	3.9	990,000	1,587,609	32.5
Bella Freud (retail)	400,000	1,668,420	21.7	1,550,000	2,391,590	16.2	1,950,000	4,060,010	37.9
Chucs Limited	990,039	–	0.0	225,000	3,469	11.6	1,215,039	3,469	11.6
Bella Freud Parfum	190,000	376,699	22.5	50,000	50,000	0.0	240,000	426,699	22.5
ME+EM	–	–	0.0	889,646	3,428,510	12.8	889,646	3,428,510	12.8
Alexa Chung	–	–	0.0	2,971,378	2,613,176	22.2	2,971,378	2,613,176	22.2
Heist Studios	–	–	0.0	2,498,466	2,854,141	12.0	2,498,466	2,854,141	12.0
Playerlayer	–	–	0.0	1,600,680	1,600,680	10.3	1,600,680	1,600,680	10.3
Media and Technology									
Boat International Media	2,100,000	2,690,944	21.6	1,200,000	1,716,031	0.0	3,300,000	4,406,975	21.6
Rated People	585,738	579,150	1.2	55,480	84,103	0.2	641,218	663,253	1.4
Zenos Cars	–	–	0.0	–	–	0.0	–	–	0.0
Beryl	200,000	640,690	1.7	352,697	1,129,846	3.0	552,697	1,770,536	4.7
Stillking Films	1,451,770	2,421,575	5.0	–	–	0.0	1,451,770	2,421,575	5.0
Wishi Fashion Limited	–	–	0.0	153,433	153,433	1.4	153,433	153,433	1.4
Unbolted	–	–	0.0	250,033	250,033	4.2	250,033	250,033	4.2
Stylindex	–	–	0.0	663,269	663,269	5.1	663,269	663,269	5.1
Popsa	–	–	0.0	2,400,019	2,400,019	14.1	2,400,019	2,400,019	14.1
HotelMap	–	–	0.0	1,500,000	1,500,000	5.3	1,500,000	1,500,000	5.3
Floom	–	–	0.0	1,165,000	1,168,551	8.2	1,165,000	1,168,551	8.2

Since 31 March 2019 the Company has made further investments totalling £7.7 million. This was made up of £2 million into three new equity investments in Kinteract, Thriva and Rubies in the Rubble, and a further £5.7 million as follow-on investments in Heist, Boom Cycle, N is for Nursery, Chucs Bar & Grill, Sourced Market, Floom, Bella Freud, Alexa Chung, Kat Maconie, Popsa and Stylindex. Since 31 March 2019 the Company has allotted £16.2 million of B Ordinary Shares.

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

The Company's memorandum and Articles are available for inspection at the offices of Howard Kennedy Corporate Services LLP, No.1 London Bridge, London SE1 9BG, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offer and may also be inspected at the Company's registered office at 3 Cadogan Gate, London SW1X 0AS.

Dated: 2 September 2019

Part 5

Definitions

"2015 Offer"	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 29 October 2015
"2016 Offer"	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 30 November 2016
"2017 Offer"	the offer for subscription of Shares under the Offer in respect of the 2017/2018 tax year as described in the prospectus issued by the Company on 1 December 2017
"2018 Offer"	the offer for subscription of Shares under the Offer in respect of the 2018/2019 tax year as described in the prospectus issued by the Company on 29 August 2018
"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 B Ordinary 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
"Adviser Charge"	the fee (inclusive of VAT) payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in B Ordinary Shares under the Offer, and detailed on the Application Form
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"Annual Running Costs"	<p>the annual costs and expenses incurred by or on behalf of the Company in the ordinary course of its business (excluding (i) management fees payable to the Manager pursuant to the IMA (ii) any performance incentive fees payable pursuant to this agreement and (iii) in any rolling period of 12 months, the lesser of X, as defined in paragraph (a) below, and the aggregate of the items set out in paragraph (b) below), together with any irrecoverable value added tax on those annual costs and expenses. For the purposes of this definition of "Annual Running Costs":</p> <p>(a) X is, for such time as the Net Asset Value of the Company is £100,000,000 or less, £350,000 and, for such time as the Net Asset Value of the Company exceeds £100,000,000, X is £500,000; and</p> <p>(b) the items referred to above are:</p> <ul style="list-style-type: none"> (i) auditor's fees; (ii) administration, accounting and company secretarial fees; (iii) share registrars' fees; (iv) London Stock Exchange fees; (v) printing and mailing costs in respect of the year end audited accounts, interim accounts and circulars to shareholders; (vi) fees in respect of regulatory announcements made through a Regulatory Information Service; (vii) corporate broking fees; (viii) insurance premiums; and (ix) remuneration of the Board (including employers' national insurance contributions)
"Applicant"	a person who makes an application under the Offer 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 Articles

"B Ordinary Shares"	B Ordinary shares of 1 pence each in the capital of the Company
"Bonus Shares"	additional B Ordinary Shares to be allotted to certain Investors whose Application Forms are received and accepted within the time periods set out on page 16 of this document
"Board" or "Directors"	the board of directors of the Company (and each a "Director")
"Business Days"	any day (other than Saturdays, Sundays and public holidays) on which clearing banks are open for normal banking business in Sterling
"CA 2006"	Companies Act 2006 (as amended)
"Circular"	the circular to Shareholders dated 2 September 2019
"Company" or "Pembroke"	Pembroke VCT plc
"Conflicts Policy"	the conflicts policy of the Manager from time to time
"DIS"	the dividend investment scheme proposed to be established on the DIS Terms and Conditions
"DIS Terms and Conditions"	the terms and conditions relating to the Dividend Investment Scheme set out in Part 7 of this document
"Disclosure Guidance & Transparency Rules"	the disclosure guidance and transparency rules of the FCA
"Distributor"	Portlight Limited
"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
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of Shareholders convened by the Company for 26 September 2019 at 9.00 a.m. at 3 Cadogan Gate, London SW1X 0AS (and any adjournment thereof)
"HMRC"	Her Majesty's Revenue & Customs
"IMA"	the investment management agreement between the Company and the Original Manager dated 15 February 2013 (novated to the Manager on 1 July 2014) and amended on 3 October 2014 and on 1 December 2017 (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
"Initial B Share Offer"	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 3 October 2014
"Intermediary"	a firm who signs the Application Form and whose details are set out in Section 10 of the Application Form
"Investors"	individuals aged 18 or over who subscribe for B Ordinary 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

Part 5

Definitions continued

"ITA 2007"	Income Tax Act 2007 (as amended)
"Kin Capital"	Kin Capital Limited
"Knowledge Intensive Company"	a company satisfying the conditions in Section 331(A) of Part 6 ITA of the proposed draft legislation
"Launch Offer"	the offer for subscription of Ordinary Shares further to the prospectus issued by the Company on 15 February 2013 and which closed on 31 January 2014
"Listing Rules"	the listing rules of the FCA
"London Stock Exchange"	London Stock Exchange plc
"Manager" or "Promoter"	Pembroke Investment Managers LLP, which is authorised and regulated by the FCA
"ML Regulations"	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended)
"NAV" or "net asset value"	net asset value
"NEX"	the NEX Exchange, a Recognised Investment Exchange under the Financial Services and Markets Act 2000 and a Recognised Stock Exchange under S1005 (1)(b) ITA 2007 operated by NEX Group Plc
"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 group"	together Oakley Capital Limited, Oakley Capital Management Limited, Pembroke Investment Managers LLP and their associated group of businesses from time to time
"Oakley Funds"	any funds managed by the Oakley group from time to time
the "Offer" or "Current B Share Offer"	the offer for subscription for up to £20 million of B Ordinary Shares with an over-allotment facility for up to a further £20 million of B Ordinary Shares, as described in the Prospectus
"Offer Price"	the subscription price for B Ordinary Shares issued under the Offer as set out on page 48
"Official List"	the official list of the FCA
"Ordinary Share Admission Date"	16 April 2013, being the date on which the Ordinary Shares were first listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities
"Ordinary Share Pool"	the pool of assets and liabilities allocated to the Ordinary Shares in accordance with the Articles
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"Original Manager"	Oakley Capital Management Limited
"Palmer"	Palmer Capital LLP
"Performance Fee"	the performance related incentive fee payable to the Manager as described on page 46
"Pricing Formula"	mechanism by which the pricing of the Offer may be adjusted according to the latest published NAV, the level of the Promoter Fee and Adviser Charge, as described on page 48

"Professional Client"	a Professional Client (as defined in section 3.5 of the FCA's Conduct of Business Sourcebook)
"Promoter Fee"	the fee payable by the Company to the Manager, calculated as a percentage of each Applicant's gross subscription in the Offer
"Prospectus"	this document dated 2 September 2019 relating to the Offer
"Prospectus Regulation"	Regulation (EU) 2017/1129
"Prospectus Regulation Rules"	the Prospectus Regulation 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
"Risk Finance State Aid"	State aid received by a company as defined in Section 280B (4) of ITA 2007
"Scheme Administrator"	The City Partnership (UK) Limited, or such other person or persons who may from time to time be appointed by the Company to administer the Dividend Investment Scheme on its behalf
"Shareholder"	a holder of Shares
"Shares"	Ordinary Shares and/or B Ordinary Shares 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
"Sterling"	the lawful currency of the United Kingdom of Great Britain and Northern Ireland
"Terms and Conditions"	the terms and conditions of the Offer set out in Part 6
"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
"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 2 September 2019.
The expression "Application Form" means the application form for use in accordance with these Terms and Conditions of application and posting it (or delivering by hand during normal business hours) to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH (the "Receiving Agent") or as otherwise indicated in this document or the Application Form.
2. The right is reserved to reject any application in whole or part only or to accept any application in whole or 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 banker's 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 Shareholders passing resolutions 1 and 2 to be proposed at the General Meeting. If this condition is 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 plus any commission waived for extra shares or any smaller sum for which such application is accepted at the Offer Price, on the terms and subject to the Prospectus, these Terms and Conditions of application and the Articles of the Company;
 - ii) acknowledge that, if your subscription is accepted, you will be allocated such number of B Ordinary Shares as determined by the Pricing Formula;
 - iii) 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;
 - iv) 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 dispatch by post or delivery of your duly completed Application Form to the Company or to your financial adviser;
 - v) 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 banker's draft accompanying your application, without interest;
 - vi) agree that if, following the issue of all or any B Ordinary Shares applied for pursuant to the Offer, your remittance is not honoured on first presentation, those B Ordinary Shares may, forthwith upon payment by the Manager of the Offer Price of those B Ordinary Shares to the Company, be transferred to the Manager or such other person as the Manager may direct at the relevant Offer Price per B Ordinary Share and any Director of the Company is hereby irrevocably appointed and instructed to complete and execute all or any form(s) of transfer and/or any other documents in relation to the transfer of those B Ordinary Shares to the Manager or such other person as the Manager may direct and to do all such other acts and things as may be necessary or expedient, for the purpose of or in connection with, transferring title to those B Ordinary Shares to the Manager, or such other person, in which case you will not be entitled to those B Ordinary Shares or any payment in respect of such B Ordinary Shares;
 - vii) agree that all cheques and banker's 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;
 - viii) 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;
 - ix) 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;
 - x) 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;
 - xi) 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;

- xii) 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 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;
 - xiii) 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;
 - xiv) 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;
 - xv) 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;
 - xvi) 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;
 - xvii) confirm that you have read and complied with paragraph 6 below;
 - xviii) confirm that you have reviewed the restrictions contained in paragraph 7 below;
 - xix) warrant that you are not under the age of 18 years;
 - xx) 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;
 - xxi) 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;
 - xxii) 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;
 - xxiii) 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;
 - xxiv) 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;
 - xxv) 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;
 - xxvi) 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;
 - xxvii) warrant that the information contained in the Application Form is accurate; and
 - xxviii) 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 Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date.
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.

Part 6

Terms and Conditions of Application continued

7. The Shares have not been and will not be registered under the Securities Act, 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 the 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 £13,600, 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 banker's 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 banker's 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 banker's 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 banker's 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 banker's 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 banker's draft has not been cleared on first presentation.
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 Manager). 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. Intermediaries who have not provided personal recommendations or advice to UK retail clients on the B Ordinary Shares being applied for and who, acting on behalf of their clients, return valid Application Forms bearing their FCA number may be entitled to commission on the amount payable in respect of such Shares allocated for each such Application Form at the rates specified in the paragraph headed "Commission" in Part 1 of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application for B Ordinary Shares under the Offer. If this is the case, then the offer charges will be adjusted, in accordance with the Pricing Formula. Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.

Part 7

Terms and Conditions of the Dividend Investment Scheme

Please read these Terms and Conditions carefully and keep them in case you need to refer to them in the future.

This information should not be regarded as a recommendation to buy or hold Shares in the Company. The value of Shares and the income from them can fall as well as rise and you may not recover the amount of money you invest.

If you are in any doubt about what you should do, you should consult an independent financial adviser. If you have any questions about the Dividend Investment Scheme ("DIS"), you can write to: DIS Administration, The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.

1. In these DIS Terms and Conditions, capitalised terms shall have, unless the context otherwise permits, the meanings set out in the "Definitions" section of the Prospectus.
2. The monies subscribed through the DIS (being dividends paid on Shares held by, or on behalf of a Shareholder who applies to participate in the DIS (the "Application")) shall be invested in new Shares in the relevant share class. The Scheme Administrator shall not have the discretion to vary such investments and Applicants may not instruct the Scheme Administrator to make any other investments. Applicants who are Shareholders may only join the DIS in respect of the Shares of the Company if dividends on all the Shares in the relevant share class registered in their name are mandated to the DIS. The number of Shares in the relevant share class held by any such Applicant which are mandated to the DIS shall be altered immediately following any change to the number of Shares in respect of which such Shareholder is the registered holder as entered in the share register of the Company from time to time. Applicants who are not Shareholders may join the DIS in respect of the number of Shares of the Company specified as "Nominee Shareholdings" and notified to the Scheme Administrator by the Applicant and the Shareholder in whose name the Shares are held. Any new Shares in the relevant share class, which will be issued to the Applicant (and not the Shareholder in whose name the Shares mandated to the DIS are held), will not be mandated to the DIS unless a separate DIS application form is completed in respect of them.
3. On or as soon as practicable after an investment day, the funds subscribed through the DIS on behalf of each Applicant shall be applied on behalf of that Applicant in the subscription for the maximum number of new Shares as can be acquired with those funds:
 - i) The number of new Shares issued to an Applicant pursuant to condition 2 above shall be calculated by dividing the aggregate value of the dividends paid on the Shares in the relevant share class to which that Applicant is entitled by the greatest of (i) the most recently announced net asset value per share in the relevant share class as at the date the dividend is paid (as adjusted for the relevant dividend in question if this has not already been recognised in the most recently announced net asset value) of the Company (as determined by the Manager), (ii) the nominal value per Share in the relevant share class and (iii) the mid-price value per Share in the relevant share class as at the close of business on the Business Day preceding the date of issue of such Shares;
 - ii) Any balance of cash remaining in the Offer Account after the subscription shall continue to be held in that account on behalf of the Applicant to whom it relates and added to the cash available in respect of that Applicant for the subscription of Shares in the relevant share class on the next investment day. No interest shall accrue or be payable in favour of any Applicant on any such cash balances; and
 - iii) The DIS involves the investment of the whole dividend paid on each holding in the relevant share class each time a dividend in the relevant share class is paid by the Company. Shareholders will remain in the DIS, so that all future dividends will be reinvested in the same way, until they give notice to the Scheme Administrator that they wish to terminate their participation in the DIS, either in relation to a particular dividend, or all future dividends.
4. The Registrar shall immediately after the subscription of Shares in accordance with condition 3 hereof take all necessary steps to ensure that the Applicants are entered into the share register of the Company as the registered holders of the Shares issued to them in accordance with condition 3 above, and that share certificates in respect of such Shares are issued and delivered to the Applicants at their own risk, as soon as is reasonably practicable (unless such Shares are to be uncertificated). Shareholders (or such other person as aforesaid) will receive with their share certificates (if any) a statement detailing:
 - i) the dividend available for investment;
 - ii) the price per Share subscribed and the date of issue;
 - iii) the number of Shares issued and the total cost; and
 - iv) the cash to be carried forward for investment on the next investment day.
5. Application to join the DIS can be made at any time. However, to be reinvested, applications to join the DIS need to have been received by the Scheme Administrator at least 15 days prior to a dividend being paid.
6. All costs and expenses incurred by the Scheme Administrator in administering the DIS will be borne by the Company.
7. Each Applicant warrants to the Scheme Administrator that:
 - i) during the continuance of his or her participation in the DIS he or she will remain the sole beneficial owner of the Shares mandated to the DIS free from encumbrances or security interests;
 - ii) all information set out in the DIS application form is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator; and
 - iii) during the continuance of his or her participation in the DIS he or she will comply with the provisions of condition 8 below.

Part 7

Terms and Conditions of the Dividend Investment Scheme ("DIS") continued

8. The right to participate in the DIS will not be available to any person who is a citizen, resident or national of, or has a registered address in, any jurisdiction outside the United Kingdom. It is the responsibility of any Applicant wishing to participate in the DIS to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s). No such person receiving a copy of the DIS documents may treat them as offering such a right unless an offer could properly be made without such compliance.
9. The Applicant acknowledges that neither the Scheme Administrator, the Company nor the Manager are providing a discretionary management service. The Scheme Administrator, the Company and/or the Manager shall not be responsible for any loss or damage suffered by any Applicant as a result of their participation in the DIS unless due to the negligence or default of the Scheme Administrator, the Company or the Manager (respectively), or its or their servants or agents.
10. The Applicant may at any time by notice to the Scheme Administrator terminate his or her participation in the DIS and withdraw any monies held in the offer account on his or her behalf in relation thereto. If an Applicant shall at any time cease to hold any Shares in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the DIS. If such notice is served or deemed to have been served, the Scheme Administrator shall pay all of the monies held in the Offer Account on the Applicant's behalf to the Applicant at the address set out in the DIS application form, subject to any deductions which the Scheme Administrator may be entitled or bound to make hereunder.
11. If an Applicant withdraws from the DIS and a cash balance remains of less than £1 that balance will not be repaid, but will be donated to a recognised registered charity.
12. The Company and the Scheme Administrator shall be entitled, at any time and from time to time, to suspend the operation of the DIS and/or to terminate the DIS without notice to the Applicants and/or to refuse to reinvest dividends due on Shares held by a nominee. In the event of termination, the Scheme Administrator shall, subject to condition 11 above, pay to each Applicant all of the monies held in the Offer Account on his or her behalf.
13. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.
14. The Scheme Administrator shall be entitled to amend the DIS Terms and Conditions on giving one months' notice in writing to all participating Applicants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Applicants unless in the Scheme Administrator's opinion the change materially affects the interests of Applicants. Amendments to the DIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Applicants may be effected without notice.
15. By completing and delivering the DIS application form, the Applicant:
 - i) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - ii) declares that a loan has not been made to the Applicant or any associate of the Applicant which would not have been made, or would not have been made on the same terms, but for the Applicant offering to subscribe for, or acquiring, Shares and 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.
16. Currently, subscriptions by individuals aged 18 or over for eligible shares in venture capital trusts only attract tax reliefs if in any tax year such subscriptions to all venture capital trusts by such individuals do not exceed £200,000 (including subscriptions pursuant to DIS). Applicants are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company can accept any liability in the event they do not receive any venture capital trust tax reliefs.
17. Since dividends on Shares acquired in excess of £200,000 per Applicant in any tax year will not be exempt from income tax in the same way as Shares acquired within this limit, the Applicant will generally be liable to tax on such dividends. Nevertheless, the whole of such dividends shall be invested unless the Scheme Administrator is notified to the contrary in writing at least 15 days before an investment day.
18. The Company shall not be required to issue Shares hereunder if the Directors so decide.
19. These DIS Terms and Conditions shall be governed by, and construed in accordance with, English Law and each Applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the DIS in any other manner permitted by law or in any Court of competent jurisdiction.
20. The Company shall not be required to admit new members to the DIS in circumstances where the proposed level of dividends to be paid by the Company would require the issue of Shares in breach of the Prospectus Regulation Rules.
21. All documents will be dispatched at the Shareholder's own risk.

Shareholders in any doubt about their tax position should consult their independent professional adviser.

Additional Notes

The Scheme Administrator and its agents (including any broker) may effect transactions notwithstanding that they have a direct or indirect material interest or a relationship of any description with another party which may involve a conflict with its duty to DIS participants under the DIS.

The Scheme Administrator is authorised to disclose any information regarding Shareholders or their participation in the DIS to any relevant authority, or as required by such authority, whether by compulsion of law or not. The Scheme Administrator shall not be liable for any disclosure made in good faith provided that the Scheme Administrator believes that such disclosure has been made in accordance with the foregoing requirements.

Each of the provisions of the DIS shall be severable and distinct from one another and if one or more of such provisions is invalid or unenforceable, the remaining provisions shall not in any way be affected.

The Scheme Administrator has procedures to help resolve all complaints from customers effectively. If an Applicant has any complaints about the service provided to him or her or wishes to receive a copy of the Scheme Administrator's complaints procedure, please write to the Scheme Administrator at the address set out in paragraph 13.

This service is a Company sponsored scheme which means that the Scheme Administrator charges the Company a fee which is representative to the costs of operating it. This arrangement means that DIS participants are not charged an annual fee. If an Applicant would like more detail on this arrangement please write to the Scheme Administrator at the address set out in paragraph 13.

The Scheme Administrator will take reasonable care in operating the DIS, and will be responsible to an Applicant for any losses or expenses (including loss of shares) suffered or incurred by him or her as a direct result of breach by the Scheme Administrator of these DIS Terms and Conditions, negligence, wilful default or fraud. The Scheme Administrator does not accept liability for any indirect or consequential loss suffered by an Applicant or for any loss which does not arise as a result of its breach of these DIS Terms and Conditions, negligence, wilful default or fraud.

The Scheme Administrator shall not be responsible for delays or failure to perform any of its obligations due to acts beyond its control. Such acts shall include, but not be limited to, acts of God, strikes, lockout, riots, acts of war, terrorist acts, epidemics, governmental regulations superimposed after the fact, communication line failures, power failure, earthquakes or other disasters.

Any personal data obtained from an Applicant in providing this service will be held by the Scheme Administrator in accordance with the relevant legislation. The Scheme Administrator will only hold, use or otherwise process such personal data of an Applicant as is necessary to provide him or her with the service. The Applicant's details will only be disclosed in accordance with the principles set out in the Data Protection Act 1998:

- i) to any person if that person has legal or regulatory powers over the Scheme Administrator; and
- ii) to any other person or body in order to facilitate the operation of the DIS.

An Applicant has a right to request to view the personal data that the Scheme Administrator holds on him or her.

All communications between the Scheme Administrator and an Applicant will be conducted in the English language.

These DIS Terms and Conditions are governed by and shall be construed in accordance with the laws of England and Wales.

Part 8

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 (2019/2020 and 2020/2021) 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 tax year.

Q. What is the minimum level of investment?

The minimum subscription is £3,000 per application (net of any facilitated Adviser Charges).

Q. To whom should I make the cheque payable?

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

Q. Can I pay for my shares electronically?

Yes, to the following account:

Account name: The City Partnership - Pembroke VCT

Account number: 11010368

Sort code: 80-22-60

Please ensure you reference your payment with a combination of your surname, initial(s) and postcode. Such a reference will allow the Receiving Agent to match your payment with your Application Form more easily.

Q. Where should I send my application?

Your Application Form should be sent to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.

Q. What will I receive upon allotment of shares?

For an allotment into a certificated holding, the Company will dispatch to you, within ten Business Days from the allotment date, an allotment letter, a share certificate and an income tax relief certificate.

For an allotment into a dematerialised holding, the Company will dispatch to you, within ten Business Days from the allotment date, an allotment letter and an income tax relief certificate.

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 subscriptions for shares in VCTs of £200,000 in any tax year.

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 HMRC 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 8

Notes on the 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 banker's draft, by post, or deliver it by hand (during normal business hours), to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.

If you have any questions on how to complete the Application Form, please contact The City Partnership (UK) Limited on telephone 0131 243 7210, or email ra@city.uk.com, or speak to your financial adviser.

PLEASE NOTE:

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

1. Insert (using block capitals) in Section 1 your full name, full address (including the post code), e-mail address, telephone number, previous address (if less than three years at current address), date of birth and National Insurance number.
You must inform us if you are a US citizen. If applicable, provide details of other countries where you are a tax resident and provide your Tax Identification Number (TIN) for each jurisdiction. If you are an existing shareholder in the Company, please provide your registered holding ID (CIN).

2. Insert (in figures) in Section 2 the amount for which you wish to subscribe (subject, if relevant, to the deduction of any Adviser Charges – see Section 6 and Section 7 of the Application Form) in relation to each individual tax year. You must specify in which individual tax year you wish to invest. The application must be for a minimum of £3,000 (net of any facilitated Adviser Charges).

Payment can be made by electronic transfer, cheque or banker's 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

Please ensure you reference your payment using a combination of your surname, initial(s) and postcode. This will allow the Receiving Agent to match your payment with your Application Form more easily.

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

To pay by cheque or banker's draft, please attach a cheque or banker's draft to the Application Form for the exact amount shown in the Total box in Section 2. Your cheque or banker's 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. 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.

Your electronic transfer, cheque or banker's draft must be drawn in Pounds 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 banker's 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.

Part 8

Notes on the Application Form continued

Money Laundering Notice

Important procedures for applications of at least the Sterling equivalent of €15,000 (for these purposes approximately £13,500, as at the date of this document, or more). The verification of identity requirements in the ML Regulations 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 £13,600, as at the date of this document) or is one of a series of linked applications, the value of which exceeds that amount then please ensure that your application complies with either A or B below (as appropriate).

A

Application is made through an IFA: verification of the Applicant's identity is provided by the IFA through the completion of section 11.

Or

B

Application is made directly (not through an IFA): please ensure that either (i) you have ticked the box in Section 3 of the Application Form then the Receiving Agent will arrange for a third party acting on the Company's behalf to undertake an online identity check for the purposes of the ML Regulations and in that case no identity documentation need be provided with your Application Form (the Company still reserves the right, however, to request identity documentation if needed) or (ii) 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.

Copies should be certified by a solicitor or a bank. Original documents will be returned by post at your risk.

3. The dividends paid by the Company may be paid directly into your bank account or by cheque. Section 4 of the Application Form allows 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 standard mail delivery at the Shareholder's own risk if Section 4 is not 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. If you do not wish to take dividends as cash, by cheque or directly paid into your Bank or Building Society account then you have the option to reinvest your dividends in exchange for more shares if you tick the Dividend Investment Scheme (DIS) box.
6. Declaration: Sign and date in Section 9. 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 2 September 2019.
7. Financial advisers' details: in order to assist in the making of the application, and to process the deduction (if any) of any Adviser Charges or payment of commission from the subscription the Applicant has provided – appropriately authorised financial advisers should complete Section 10, 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 12 to 14 of this document.
8. 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 10 of the Application Form.
9. Section 11 must be completed and signed by a suitably authorised signatory of the financial intermediary firm named in Section 10.

Part 8

Application Form

How to complete this Application Form

Before completing this Application Form, please read the Prospectus dated 2 September 2019 including the Terms and Conditions of the Offer and the Notes given in Part 6. If you are at all unsure this Offer is suitable for you, please seek professional advice.

Please complete in full, leaving blank any questions that do not apply to you. If you are a nominee applying on behalf of a block of investors, please do not use this form. Instead, please contact the Receiving Agent for alternative instructions. If you need any help completing this form, please contact The City Partnership (UK) Limited by email at ra@city.uk.com or by telephone on 0131 243 7210.

How to make a payment

Payment can be made by electronic transfer, cheque or banker's draft.

Electronic transfer

Please transfer the required funds to:

Account name: The City Partnership – Pembroke VCT
 Account number: 11010368
 Sort code: 80-22-60
 Reference: Surname, initial(s) and postcode (e.g. SmithJWC1A1BB)

Note: Payments need to come from a personal bank account in the Applicant's name (including joint accounts). We do not accept payments from business accounts or third parties, including a spouse.

Cheque or banker's draft

Please make your cheque or banker's draft payable to "The City Partnership – Pembroke VCT" and cross "A/C Payee only".

Note: Cheques must be from a personal bank account in the Applicant's name (including joint accounts). We do not accept cheques from business accounts, third parties (including a spouse) or post-dated cheques. Banker's drafts and building society cheques must specifically mention the Applicant's name. Further, please note that funds may require to be cleared prior to allotting, which for cheques, takes six working days after the date of banking.

Where to post this application

Once completed, please send this form – along with your cheque or banker's draft, if applicable – to:

The City Partnership (UK) Limited
 110 George Street
 Edinburgh EH2 4LH

Deadlines

Offer opens	2 September 2019
Deadline for receipt of applications for final allotment in 2019/20 Offer	3.00 p.m. on 5 April 2020
Deadline for receipt of applications for final allotment in 2020/21 Offer	3.00 p.m. on 26 June 2020

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 2020/21 tax year, may be extended by the Directors at their absolute discretion to a date no later than 1 September 2020.

Please complete this form in BLOCK CAPITALS using **black ink** and ensure you answer all the questions marked with an asterisk (*).

1. Investor details

Title*	Forenames*	Surname*
Address*		
Postcode*	Telephone number*	
Previous address (if less than three years at current address)		
Date of birth*	National Insurance number*	
Email address	Are you a US citizen?* Yes <input type="checkbox"/> No <input type="checkbox"/> (Please tick)	

Part 8

Application Form continued

1. Investor details (continued)

Please list below any country(ies), other than the UK, in which you are resident for tax purposes and the relevant Taxpayer Identification Number (TIN)

Country 1	TIN 1
Country 2	TIN 2
Country 3	TIN 3
Registered holder ID (CIN) ¹	

¹This can be found on the letter recently sent to you or by logging into/registering as a Pembroke Investor Hub user (for further information on how to register please refer to the letter recently sent or email registrars@city.uk.com). We appreciate that providing this information may require some additional work on your part. Our reason for asking is to avoid duplicate entries in the register and, thereby, avoid sending you duplicate copies of communications.

2. Subscription details

The minimum subscription per Investor is £3,000 (net of any facilitated Adviser Charges).

I hereby offer to subscribe the following amount(s) in Pounds Sterling for new B Ordinary Shares at the Offer Price on the Terms and Conditions of the Offer:

2019/2020 Tax year	£	Cheque drawn from an account in my own or joint name / Banker's Draft <input type="checkbox"/> OR Electronic transfer from an account in my own or joint name, which I have referenced using my surname, initial(s) and postcode. <input type="checkbox"/>
2020/2021 Tax year	£	
Total	£	

Nominee/CREST

If you wish that any new Shares for which your subscription is accepted are issued to your nominee through CREST, please provide details below.

CREST participant ID	CREST member account ID
Participant name and address	

If you would like your new Shares issued to a non-CREST nominee, please complete the above section providing the nominee's name and address.

If you would like to receive statutory information from the Company albeit that your shares are to be held in a nominee account, please tick box ☐

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. Dividend options

Please complete either A **OR** B below

A – Dividend Payments

If you wish to have any dividends paid directly into your account, please provide details below. If you leave this blank and do not reinvest them, you will be sent a cheque. Please note your first dividend payment may be made by cheque even if you elect direct payment.

Account name	Bank or Building Society name
Sort code	Account number

B – Dividend Investment Scheme (DIS)

By ticking this box I confirm that I wish to participate in the Dividend Investment Scheme and I hereby accept its terms and conditions: ☐

Note: for existing Shareholders the DIS will apply to all share classes currently held within the CIN given in Section 1 of this Application Form. If you have multiple CINs you need to apply separately for each CIN. If you hold your shares in a nominee you must contact them to participate in the DIS. If you wish to receive dividends in cash, do not tick this box.

5. Investor communication

The Company would like to communicate with you electronically in respect of your shareholding in the Company. The Articles of the Company provide authority to use electronic means to convey information to Shareholders, including, but not limited to, sending and supplying documents or information to Shareholders by making them available on a website. This means that you will receive notifications by email (where you have provided an email address below) or by letter that information and/or documents are available on the Company's website.

We will notify you when documents and information are available to access on the website and we will provide you with:

- the address of the website
- the place on the website where the documents and information may be accessed; and
- details of how to access the documents or information.

Please complete either A OR B below:

A. Please confirm your agreement to the Company sending or supplying documents and information to you in electronic form by providing your email address for these purposes. If you do not provide an email address in the box below and do not complete B, we are obliged to send you notifications by letter, to the address in Section 1.

Email
address

OR

B. If you would prefer to receive hard copy documents please tick the box here ☐

You have the right to opt out of electronic communication at any time and to revert to paper format by contacting registrars@city.uk.com or writing to The City Partnership (UK) Ltd, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

Please tick the relevant box to state your preference for receipt of an acknowledgement of your application.

Letter ☐

Email ☐

6. Financial advice

Please indicate below if you have received financial advice in relation to your application.

Yes, I have received financial advice ☐
Please also complete Section 7

No, I have not received any financial advice (execution only intermediary) ☐
Please go to Section 8

7. Adviser Charge

If you have made separate arrangements to pay any Adviser Charge, please insert 'NIL' below if no charge is to be facilitated.

If you have agreed an initial Adviser Charge with your adviser and want the Company to facilitate payment of that charge, please insert the sum to be paid in the box below. The Adviser Charge will be deducted from your subscription so the number of new Shares issued will reduce accordingly. If the adviser fee includes VAT, you may remain liable for the VAT element.

Adviser
Charge (£)

8. Privacy notice

Your personal data will be used by Pembroke Investment Managers LLP, Portlight Limited, The City Partnership (UK) Limited, Pembroke VCT plc, Share Registrars Limited and any other third party advisers or intermediaries to:

- Process your application and verify your identity, including performing online Anti Money Laundering checks
- Keep you updated on the progress of your investment
- Allot your shares and provide the relevant documentation in connection with your shareholding if your application is successful
- Pay dividends, administer the Dividend Investment Scheme and process other corporate actions as necessary
- Provide you with any reports or information required by law
- Provide your independent financial adviser with reports and information to help them manage and monitor your investment into Pembroke VCT

Please read our full Privacy Policy at www.pembrokevct.com/privacy-policy

If we rely on your consent as our legal basis for processing your personal information you have the right to withdraw that consent at any time by contacting us by telephone on 020 7766 6900, by email at info@pembrokevct.com or in writing to Pembroke VCT plc, 3 Cadogan Gate, London SW1X 0AS.

We will not share your data with any other party other than those listed above unless required to do so by law.

9. Declaration

By signing this application form I hereby irrevocably declare that:

1. I have decided to invest on the basis of the information in the Pembroke VCT prospectus and Key Information Document (KID).
2. I agree to be bound by the Terms and Conditions of subscription.
3. I have provided accurate information, to the best of my knowledge.
4. I agree to the Company facilitating payment of my adviser's fees and charges as set out in Section 7.
5. I acknowledge that the information contained in this form and information regarding the Shareholder and any Reportable Accounts may be provided to the tax authorities of the country in which this account is maintained and exchanged with the tax authorities of another country or countries in which the Shareholder may be tax resident pursuant to intergovernmental agreements to exchange financial account information.
6. I confirm I have read and understood the above privacy notice which explains how my information will be used to enable Pembroke to process my application and manage my on-going investment.

Investor name*
(print)

Signature*

Date*

Part 8

Application Form continued

10. To be completed by the adviser or intermediary

Network details (if applicable)

Network firm name	Network firm FCA number
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Adviser or Intermediary details

Firm name	Hargreaves Lansdown		Firm FCA number	115248
Adviser / intermediary name	Adviser / intermediary FCA number	Adviser / intermediary partner reference		
Administrative contact	Ella Sibthorpe		Telephone number	001 7900 9000
Address	1 College square south Anchor rd Bristol			
Postcode	BS1 5HL	Email address		

You will receive from the Receiving Agent an acknowledgement of receipt of your client's application by email sent to the email address you have provided above.

Bank details

Account name	Royal Bank of Scotland	Bank or Building Society name	Glasgow
Sort code	83-07-06	Account number	10565882
Finance department email (required for the issue of fee statements) ²			

²Please note that a £5 charge shall be levied by the Receiving Agent against any IFA firm requesting copies of fee statements that have previously been issued.

Anti-money-laundering

I confirm I have applied customer due diligence measures on the applicant to the standard required by the Money Laundering Regulations in Section 11. ☐

Financial advice – this must match Section 6 of this Application Form

Please note – if you have ticked the "I have provided financial advice" box below, you can charge a fee as in Section 7 but you cannot take execution-only commission as well.

I have provided financial advice to the applicant, who is not a professional client and any agreed up-front adviser charges comply with COBS 6.1a. ☐

I have acted in an execution only capacity in respect of this offer and/or the applicant is a Professional Client ☐

Execution-only intermediary commission

Please note, not applicable for intermediaries who have provided financial advice.

I agree to waive initial commission – please enter the amount to the right.

Initial commission waived
(%; if all, write 'ALL')

11. Financial intermediary certificate and signature

By submitting this Application Form, we, the financial intermediary identified in Section 10 above confirm that:

- We have read and understood, and agree to be bound by, the Offer Terms and Conditions set out in the Prospectus and as further set out in this Application Form;
- We have applied customer due diligence measures on a risk sensitive basis in respect of the application to the standard required by the Money Laundering Regulations 2007 within the guidance for the UK financial sector issued by the Joint Money Laundering Steering Group and that in the event that the Company, the investment Manager and/or the Receiving Agent require additional information in order to accept the subscription, we will provide it to them within two Business Days of receiving their request, or if we do not have the information required, arrange for the information to be provided to them;
- Where we have provided advice to the applicant in connection with an investment in the Company, such investment is considered to be a suitable investment for the applicant in their current circumstances; and
- Our details included in this Application Form are true and accurate.

We undertake to forthwith notify the Company of any changes to our details provided above and/or if the applicant ceases to be our client in respect of his or her investment in the Company.

Adviser name* (print)		
Signature*	Date*	





pembroke
VCT plc

3 Cadogan Gate, London SW1X 0AS

Incorporated in England and Wales
with registered number 08307631