

pembroke

VENTURE CAPITAL TRUST

**Offer for Subscription to raise
up to £20 million**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

This document, which comprises a prospectus relating to Pembroke VCT plc (the "Company") dated 15 February 2013, has been prepared in accordance with the Prospectus Rules made under Part VI of FSMA, and has been approved for publication by the Financial Services Authority as a prospectus under the Prospectus Rules on 15 February 2013.

The Company and the Directors, whose names appear on page 20 of this document, accept responsibility for the information contained herein. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The whole of this document should be read. In particular, attention is drawn to the section entitled 'Risk Factors' set out on pages 14 to 17 of this document.

Pembroke VCT plc

(registered number 08307631)

**Prospectus relating to an offer for subscription
of up to 20,000,000* Shares of 1p each
in the capital of Pembroke VCT plc at a price of 100p per Share
payable in full on application**

Sponsor

Howard Kennedy Corporate Services LLP

Application will be made to the UK Listing Authority for all of the Shares issued and to be issued pursuant to the Offer to be listed on the premium segment of the Official List and application will be made to the London Stock Exchange for the Shares to be admitted to trading on its main market for listed securities. It is expected that the admission of such Shares will become effective, and that trading in those Shares will commence, within 5 Business Days of their allotment.

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

Up to 20,000,000 Shares in the Company (or such number as may be determined at the discretion of the Board), which are being offered to the public, are being made available in two different tax years.

The subscription list for the Offer will open on 15 February 2013 and may close at any time thereafter but in any event not later than 12 noon on 5 April 2013, in the case of the 2012/13 Offer, and at 5.00 p.m. on 31 July 2013, in the case of the 2013/14 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 2013/14 Offer, may be extended by the Directors at their absolute discretion to a date no later than 31 January 2014. All subscription monies will be payable in full in cash on application.

The terms and conditions of the Offer are set out on pages 72 to 74 of this document and are followed by an application form for use in connection with the Offer. The Offer is conditional upon valid applications for an amount exceeding the Minimum Subscription Threshold being received before 12 noon on 5 April 2013. The Offer is not underwritten.

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

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

Palmer Capital LLP
3 Cadogan Gate
London SW1X 0AS

* If the Offer is oversubscribed, it may be increased at the discretion of the Board to no more than 25,000,000 Shares.

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Summary

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

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

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

Section A – Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in Shares should be based on consideration of the Prospectus as a whole by the Investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in Shares.
A.2	Use of Prospectus by financial intermediaries	<p>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 31 July 2013, unless previously extended by the Directors to a date no later than 31 January 2014. There are no conditions attaching to this consent.</p> <p>Financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.</p>

Schedule B – Issuer

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

B.6	Major shareholders	<p>As at 15 February 2013, the Company was aware of the following:</p> <p>50,000 Redeemable Shares of £1 each in the capital of the Company have been issued to Oakley Capital Management Limited (the “Manager”) for the purposes of obtaining a trading certificate for the Company to commence its business.</p> <p>The Directors are not aware of any person or persons who, following the Offer, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>
B. 7	Key financial	Not applicable. At the date of this document, the Company has not commenced trading operations.
B.8	Key pro forma financial	The Directors believe that the Offer will result in a significant gross change in the Company, including an increase in its earnings and an increase in its net assets of an amount that is equal to the net proceeds received under the Offer by their Company (expected to be £19.6 million assuming full subscription, disregarding the over-allotment facility, or £24.5 million assuming full subscription with the over-allotment facility fully utilised).
B.9	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. No financial information has been prepared on the Company to date.
B.11	Explanation of insufficiency of working capital for present requirements	Not applicable.
B.34	Investment policy	<p>Investment Objectives</p> <p>The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or ISDX, selecting companies which the Manager believes provide the opportunity for value appreciation. Pending investment in suitable Qualifying Investments, the Manager will invest in a range of investments intended to generate a positive return, which may include funds managed by the Oakley Group of companies (the “Oakley Funds”), money market securities, gilts, listed securities and cash deposits. The Company will continue to hold up to 30% of its net assets in such products after it is fully invested under the VCT rules.</p> <p>Investment Strategy</p> <p>For its “qualifying investments” (being investments which comprise Qualifying Investments for a venture capital trust as defined in Chapter 4 Part 6 of the Income Tax Act 2007) (“Qualifying Investments”), the Company is expected to invest primarily in unquoted companies, although it may also invest in companies whose shares are traded on AIM or ISDX. The Company will invest in a diverse range of businesses predominantly those which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards</p>

		<p>consumer-facing businesses with an established brand or where brand development opportunities exist. The Company will invest in a relatively small portfolio of carefully selected Qualifying Investments where the Manager should be able to exert influence over key elements of each investee company's strategy and operations. The companies may be at any stage in their development from start-up to established businesses.</p> <p>It is anticipated that, at any time, up to 30% of investments will be held in the Oakley Funds, which are non-VCT qualifying investments ("Non-Qualifying Investments"), recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of the Offer will be invested in Oakley Funds and the balance in a portfolio of investments which may include money market securities, gilts and cash deposits.</p> <p>Asset Allocation</p> <p><i>Qualifying Investment Portfolio</i></p> <p>For its Qualifying Investments, the Company will invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or ISDX, and will invest up to a maximum of 15% (at the time of investment) in any single Qualifying Investment. The Manager will seek to construct a portfolio comprising a diverse range of businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans.</p> <p>Peter Dubens, a Director of the Company and the sole shareholder and a director of the Manager (and who will be a member (holding the majority interest) of any New Manager), will participate in each Qualifying Investment made by the Company at the same time and on the same terms (in particular as to the ratio of debt/equity). Peter will invest more or less than the Company, subject to a minimum of £10,000.</p> <p><i>Non-Qualifying Investment Portfolio</i></p> <p>Under current VCT legislation, the Company must have at least 70% of its investments in Qualifying Investments within three years. However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years a considerable proportion of the Company's funds (initially all of its funds) will need to be invested elsewhere, in Non-Qualifying Investments like money market securities, gilts, listed securities and cash deposits. At any time after the end of the three years of initial investment in Qualifying Investments, the Company will hold no more than 30% of its funds in Non-Qualifying Investments.</p> <p>The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. It is anticipated that at any time up to 30% of investments will be in a combination of Oakley Funds. Oakley Funds comprise of funds or investments managed by the Oakley Group of companies.</p> <p>Risk Diversification</p> <p>The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range</p>
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		<p>of unquoted companies, in particular, targeting a variety of sectors.</p> <p>In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the Company's investments (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds.</p> <p>The Company may invest in a range of securities including, but not limited to, ordinary and preference shares, loan stocks and convertible securities, and other interest-bearing securities. Unquoted Qualifying Investments will usually be structured as a combination of ordinary shares, preference shares and loans.</p> <p>Gearing</p> <p>Whilst the board of directors of the Company (the "Board") does not intend that the Company will borrow funds, the Company is entitled to do so subject to the aggregate principal amount outstanding not at any one time exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).</p> <p>Change in Investment Policy</p> <p>The Board does not intend to vary the VCT's investment policy, which will be adhered to for at least three years following listing. However, should a material change in the investment policy be deemed appropriate this will only be effected with the prior approval of Shareholders in accordance with the Listing Rules.</p>
B.35	Borrowing limits	The Company shall not borrow if, and to the extent that, the aggregate principal amount outstanding at any one time 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).
B.36	Regulatory status	The Company is not a regulated entity.
B.37	Typical investor	The profile of a typical Investor is a UK tax resident individual 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, and seeks a venture capital strategy focused on capital appreciation. Investors may include retail, institutional and sophisticated investors and high net-worth individuals (however the decision to invest may be influenced by the availability of tax reliefs to such an Investor).
B.38	Investment of 20% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 20% in a single underlying asset or investment company.

B.39	Investment of 40% or more in a single underlying asset or investment company.	Not applicable. The Company will not invest more than 40% in a single underlying asset or investment company.
B.40	Applicant's service providers	<p><i>Investment management arrangements</i></p> <p>Under an investment management agreement dated 15 February 2013 between the Company and the Manager (the "IMA"), the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments in accordance with the provisions of the IMA.</p> <p>The Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2.0% of Net Asset Value. The Manager will receive an annual management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2.0% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. Assuming full subscription of 20,000,000 Shares, the Manager anticipates that initially the Annual Running Costs (disregarding the annual management fee payable) will be approximately 1.0% of Net Asset Value.</p> <p>The Manager will also receive performance related incentive fees (exclusive of VAT) of 20% of any amounts distributed to Shareholders in excess of £1 per Share provided that Shareholders have received a return of 5.5% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share as from the date of the last allotment under the Offer. Where, at the time of a distribution there have been previous distributions to Shareholders, the return will be calculated from the day after the previous distribution date on the total amount subscribed per Share by Shareholders but reduced by the aggregate amount of such previous distributions made on a per Share basis.</p> <p>The Manager's appointment under the IMA will commence on the date of the Admission of the Shares and, thereafter, will continue until terminated on 12 months' notice given by either party at any time after the tenth anniversary of Admission, subject to earlier termination in certain circumstances.</p> <p><i>Administration and company secretarial arrangements</i></p> <p>Under an administration agreement (the "AA") dated 15 February 2013 The City Partnership (UK) Limited (the "Administrator") provides certain administrative, accounting and company secretarial services to the Company for an annual fee of between £30,000 and £50,000 (plus VAT at the relevant rate) payable quarterly in advance. The exact amount of the fee will depend on the gross funds raised under the Offer.</p> <p>The Administrator's appointment under the AA will continue for one year after the first allotment of Shares under the Offer and, thereafter, can be terminated on 6 months' notice given at any time to expire after that initial one year period, subject to earlier termination in certain circumstances.</p>

		<p><i>Offer Agreement</i></p> <p>Under an agreement (the “Offer Agreement”) dated 15 February 2013 between the Company (1), the Directors (2), Howard Kennedy Corporate Services LLP (3), the Manager (4) and Palmer Capital LLP (5), Howard Kennedy Corporate Services LLP agreed to act as sponsor of, and Palmer Capital LLP as the promoter (the “Promoter”) to, the Offer.</p> <p>The Promoter will pay all costs and expenses of or incidental to the Offer and Admission, in return for which it shall receive commission of 2.0% (excluding VAT) of the aggregate value of accepted applications for Shares.</p>
B.41	Regulatory status of the Manager	The Manager is authorised and regulated by the Financial Services Authority.
B.42	Calculation of Net Asset Value	<p>The net asset value of a Share will be calculated by the Manager in accordance with the Company’s accounting policies and will be published every six months through a Regulatory Information Service.</p> <p>The calculation of the net asset value per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	The Company has not commenced trading operations.
B.45	Portfolio	No funds for investment have been raised to date, and no investments made.
B.46	Net Asset Value	No funds for investment have been raised to date, and no investments made.

Section C — Securities

Element	Disclosure requirement	Disclosure
C.1	Types and class of securities	The Company will issue ordinary shares of £1 each (“Shares”) under the Offer. The ISIN and SEDOL of the Shares is GB00B89W2T50 and B89W2T5 respectively.
C.2	Currency	Sterling.
C.3	Number of securities to be issued	The Company will issue up to 20,000,000 Shares in the capital of the Company pursuant to the Offer. If the Offer is oversubscribed, it may be increased at the discretion of the Board to no more than 25,000,000 Shares.
C.4	Description of the rights attaching to the securities	<p><u>As regards Income:</u></p> <p>The Shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Company’s articles of association.</p>

		<p><u>As regards Capital:</u></p> <p>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 Shares <i>pro rata</i> according to the nominal capital paid up on their respective holdings of Shares, in accordance with the Company's articles of association.</p> <p><u>As Regards Voting and General Meetings:</u></p> <p>Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each Shareholder present in person or by proxy shall on a poll have one vote for each Share of which he is the holder.</p> <p><u>As regards Redemption:</u></p> <p>The Shares are not redeemable.</p>
C.5	Restrictions on the free transferability of the securities	Not applicable. There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application will be made to the UK Listing Authority for the Shares to be admitted to a premium segment of the Official List and to the London Stock Exchange to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in the Shares will commence within 5 Business Days of their allotment.
C.7	Dividend policy	Generally, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to maximise tax free distributions to Shareholders of realised capital gains.

Section D — Risks

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

		<ul style="list-style-type: none"> • The Company may be unable to maintain its qualifying status as a VCT, which could result in loss of tax reliefs and adverse tax consequences for Investors. • Levels, bases of, and reliefs from, taxation are subject to change, which could be retrospective. The tax reliefs described in this document are based upon current legislation, practice and interpretation and the value of tax reliefs depends upon the individual circumstances of Investors. • The Company's agents and advisers may be involved in other financial, investment or other professional activities which may conflict with the interests of the Company. The Directors will endeavour to ensure such conflicts are resolved fairly. • The Company will not benefit from the Financial Services Compensation Scheme and may not be eligible for the Financial Services Ombudsman Scheme. <p>Key risks associated with the Non-Qualifying Investments</p> <ul style="list-style-type: none"> • The Company's exposure to Non-Qualifying Investments (e.g. money market funds) may be subject to market fluctuations and such investments are normally intended for professional and sophisticated Investors who can afford the risks inherent in this type of investment, including the loss of the entire amount invested by the investor. • The ability of the Company to realise Non-Qualifying Investments may be adversely affected by illiquidity in underlying assets. • It may be difficult to deal in investments for which there is no recognisable market or to obtain reliable information about their value or the extent of the risks to which such investments are exposed. • Non-Qualifying Investments may have redemption periods that result in investments being illiquid and not readily realisable, and which could result in the premature realisation of other investments. <p>Key risks associated with investments in the Oakley Funds</p> <ul style="list-style-type: none"> • Investments in the Oakley Funds involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested. • The Oakley Funds intend to invest in underlying funds which pursue speculative investment policies, including hedge funds, other alternative investments or in funds which trade in commodities futures and options, currencies and currency contracts or financial instruments. Investments in such funds involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested and more specifically concentration risk, liquidity risk, the risk associated with leverage, and exposure to loss from counterparty default. • The performance of the Company's hedge fund investments will be affected by the selection of funds and portfolio managers by the Manager and their performance.
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		<ul style="list-style-type: none"> Underlying funds in which the Oakley Funds may invest may utilise such investment techniques as option transactions, concentrated portfolios, margin transactions, short sales and futures and forward contracts and other leveraged or derivative transactions. There is no guarantee that these will have their intended effect and may significantly amplify any losses. Certain investments in which the Oakley Funds may invest will use leverage, which increases the possibility of both profits and losses. The use of leverage will cause an increase in the volatility of returns. Asset allocations within a hedge fund portfolio will vary during market cycles.
D.3	Key information on the key risks specific to the securities	<p>The key risk factors relating to the Shares are:</p> <ul style="list-style-type: none"> The value of Shares may fall below the original amount invested, that their market price may not fully reflect the underlying net asset value and that dividends may not be paid. Investment in the Company should be viewed as a long-term investment. There is likely to be an illiquid market in the Shares with Investors finding it difficult to realise their investment.

Section E — Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issue	<p>The Promoter will pay all costs and expenses of or incidental to the Offer and Admission, in return for which it shall receive from the Company commission of 2.0% (excluding VAT) of the gross proceeds raised under the Offer. Assuming a full subscription of 20,000,000 Shares, the cost to the Company would, therefore, be £400,000 (excluding VAT).</p> <p>The total net proceeds of the Offer, after all fees, are expected to be £19.6 million (assuming a full subscription of 20,000,000 Shares).</p>
E.2	Reason for the Offer and use of proceeds	<p>By making the Offer the Company intends to raise funds and then use a minimum of 70% of the proceeds of the Offer to acquire over a period not exceeding three years (and subsequently maintain) a portfolio of Qualifying Investments.</p> <p>Pending investment in Qualifying Investments, the proceeds of the Offer will be invested in non-Qualifying Investments, some of which will have an expected realisation date which meets the cash requirements of the Company.</p> <p>The estimated maximum net proceeds of the Offer, assuming that the Offer is increased to 25,000,000 Shares, is £24.5 million.</p>
E.3	Terms and conditions of the Offer	<p>The Shares are offered at 100p each payable in full upon application. Up to 20,000,000 Shares are being made available under the Offer. If the Offer is oversubscribed, the Offer may be increased at the discretion of the Directors by up to a further 5,000,000 Shares, in which event the Offer will be an offer for subscription of up to 25,000,000 Shares.</p>

		The Offer will not proceed unless the Minimum Subscription Threshold is satisfied before 12 noon on 5 April 2013.
E.4	Material interests	Not applicable. No interest is material to the Offer.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the security as part of the Offer and there are no lock-up agreements.
E.6	Dilution	There are no potentially dilutive securities in issue nor potentially dilutive transactions in contemplation.
E.7	Expenses charged to the investor	<p>The expenses charged to Investors will be 2.0% of the amounts subscribed.</p> <p>Although not an expense charged to an Investor by the Company, at the request of an Investor the Company will facilitate the payment of that Investor's adviser's charge as agreed by that Investor and his financial adviser, which is in addition to the expenses charged to Investors mentioned above, which will be deducted from the monies received by the Company from an Investor, with the balance of such monies used by way of subscription monies.</p>

Risk Factors

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

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

- The 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 Shares will be listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid and there may be a limited market in the Shares primarily because the initial tax relief is only available to those subscribing for newly issued Shares and Shareholders may, therefore, have difficulty in selling them.
- The Directors are committed to maintaining the Company’s VCT status but there can be no guarantee that the Company will fulfil the criteria to obtain, or to enable it to maintain, full VCT status. If the Company loses its approval as a VCT before Investors have held their 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 Shares.
- Where full approval as a VCT is not maintained, any dividends previously paid to holders of 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 Shares will normally be suspended until such time as the Company has published proposals to continue as a VCT or be wound up.
- The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. Levels and bases of, and relief from taxation are subject to change. Such change could be retrospective. The value of tax reliefs depends on the personal circumstances of holders of shares, who should consult their own tax advisers before making any investment.
- Smaller unquoted companies, usually with limited trading records, requiring venture capital frequently experience significant change. Investments in such companies carry substantially higher risks than would an investment in larger or longer-established businesses.
- Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in the main market. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Proper information for determining their value or the risks to which they are exposed may also not be available.
- Valuations of unquoted companies are determined by the Directors within IPEVC guidelines. However these valuation policies take account of stock market price earning ratios for the relevant industry sectors, discounted for non-marketability, and, therefore, the valuation of the portfolio and opportunities for realisation depend on stock market conditions.

- The Company's investments may be difficult to realise. There may also be constraints imposed on the realisation of investments by reason of the need to maintain the tax status of the Company.
- The Company may make investments into companies with similar trading profiles and with exposures in the same industry and/or to the same customer base. The Company will have no more than 15% by value of its investments in any single company or group at the time any investment is made or added to. 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, instead concentrating on a limited number of Qualifying Investments but at the same time ensuring that no one investment represents more than 15% (by value) of its total investments. By concentrating on a smaller number of Qualifying Investments, risk is not spread as widely but is more concentrated between a smaller number of 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.
- An investment in the Company should be regarded as long-term in nature as a sale by Investors of their Shares within 5 years will require a repayment of the 30% income tax relief obtained and is, therefore, not suitable for all individuals. Potential Investors should consult their professional advisers prior to making any investment decision in relation to the Offer.
- The past performance of members of the Management Team is no indication of future performance.
- The Manager will provide discretionary and advisory investment management services to the Company in respect of its portfolio of investments. If the Manager does not perform its obligations in accordance with the agreement regulating the provision of these services, the performance of the Company and/or its ability to achieve or maintain VCT status, may be adversely affected.
- The term of the investment management agreement between the Manager and the Company is ten years (with the exception of termination in certain circumstances e.g. insolvency events of the Manager, unremedied material breach, etc), and the Company will, therefore, be unable to terminate this agreement as a result of underperformance by the Manager.
- 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 may not be liable to account for any profit made in connection with these activities. For example, and without limitation, an Interested Party may:
 - (a) deal or invest in any investment, whether or not for its own account and notwithstanding that similar investments may be held by the Company;
 - (b) enter into or be interested in any financial or other transaction with any entity any of whose securities are held by or for the account of the Company;
 - (c) allocate investment opportunities among the funds and accounts it manages in accordance with its internal policies;
 - (d) arrange for the Company to acquire investments from or dispose of investments to any Interested Party or any investment fund or account advised or managed by any such person.

In the event of a conflict of interest arising in relation to the above circumstances, and so far as it is within their powers to do so, the Directors will endeavour to ensure that it is resolved fairly and in accordance with the conflicts policy from time to time relating to the Company. 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 Board.

- Businesses in which the Company invests may incur unplanned costs and delays as a result of statutory and regulatory requirements in areas such as labour and health and safety, or where construction operations do not proceed as planned, which may prevent them from fulfilling their business plans and reduce the level of returns to the Company.
- The level of returns from investments may be reduced if there are delays in the investment programme, such that part of the net proceeds of the Offer are held in cash or cash-based similar liquid investments for longer than anticipated, or if the investments cannot be realised at the expected time and values.

Risks associated with exposure to Non-Qualifying Investments

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

- The performance of the Company's Non-Qualifying Investments is affected by the selection of funds and managers by the Manager and by investment decisions of such portfolio managers. There is no guarantee (whether from the Manager or any other party) that the Company will meet its investment objective.
- Potential Investors in the United Kingdom are advised that all or most of the protections provided by the UK regulatory system do not apply to the Company's investments in or exposure to the Non-Qualifying Investments. For example, the Company will not benefit from the Financial Services Compensation Scheme and may not be eligible to make an application under the Financial Services Ombudsman Scheme.
- The Company's portfolios of Non-Qualifying Investments are subject to market fluctuations. There can be no assurance that appreciation will occur or that losses will not be incurred.
- The ability of the Company to return funds to Shareholders may be adversely affected by illiquidity in underlying assets.
- It may be difficult to deal in investments for which there is no recognisable market or to obtain reliable information about their value or the extent of the risks to which such investments are exposed.
- Non-Qualifying Investments may have redemption periods that result in investments being illiquid and not readily realisable, and which could result in the premature realisation of other investments.
- Initially, whilst suitable Qualifying Investments are being identified in accordance with the Company's investment policy, the Company's funds will be invested in a range of Non-Qualifying Investments. The risks stated above may have a greater impact on the Company's assets during the period until the Company's funds are fully invested for the purposes of the VCT Rules.

Risks associated with Oakley Funds

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

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

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

Expected Timetable for the Offer

Offer opens	15 February 2013
Deadline for receipt of applications for final allotment in 2012/13 Offer	12 noon on 5 April 2013
Deadline for receipt of applications for final allotment in 2013/14 Offer	5.00 pm on 31 July 2013
First allotment	On or before 5 April 2013

Admission and dealings expected to commence within 5 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 2013/14 tax year, may be extended by the Directors at their absolute discretion to a date no later than 31 January 2014. The Directors reserve the right to allot and issue Shares at any time whilst the Offer remains open. Definitive share and tax certificates will be despatched and CREST accounts credited as soon as practicable following allotment of Shares. The Offer is not underwritten.

Offer Statistics

Offer Price per Share	100p
Issue costs per Share	2.0%
Minimum Subscription Threshold*	Net proceeds of £5,000,000
Expected maximum net proceeds of the Offer**	£19,600,000
Maximum number of Shares in issue following the Offer**	20,000,002

Facilitation payments to authorised financial intermediaries:

At the request of an Investor the Company will facilitate the payment of that Investor's adviser's charge as agreed by that Investor and his financial adviser (which is in addition to the costs of the Offer mentioned above), which will be deducted from the monies received by the Company from an Investor, with the balance of such monies used by way of subscription monies.

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

* subject to adjustment in accordance with paragraph 6.16 of Part 4 of this document.

** assuming the Offer (a) is fully subscribed and (b) has not been increased at the discretion of the Board to more than 20,000,000 Shares.

Information relating to the Company

Directors (all non-executive)	Jonathan Simon Djanogly (<i>Chairman</i>) Laurence Charles Neil Blackall Peter Adam Daiches Dubens
all of Registered Office at	3 Cadogan Gate London SW1X 0AS
Administrator and Company Secretary	The City Partnership (UK) Limited Thistle House 21-23 Thistle Street Edinburgh EH2 1DF
Sponsor	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW
Promoter	Palmer Capital LLP 3 Cadogan Gate London SW1X 0AS
Manager	Oakley Capital Management Limited 3 Cadogan Gate London SW1X 0AS
Registrars and Receiving Agent	The City Partnership (UK) Limited (assisted by Share Registrars Limited) Thistle House 21-23 Thistle Street Edinburgh EH2 1DF
Solicitors	HowardKennedyFsi LLP 19 Cavendish Square London W1A 2AW
VCT Tax Adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP

Chairman's Letter

Dear Investor

Pembroke VCT plc (the "Company") is a new venture capital trust (VCT) which is seeking to raise £20 million to invest in a diversified portfolio of smaller companies, being principally unquoted companies, with the object of generating significant capital appreciation whilst enabling Investors to benefit from substantial tax benefits.

The object of the Company is to identify investment opportunities which are Qualifying Investments and which are capable of significant organic growth and sustainable cash generation. The Company aims to replicate the smaller company investment strategy successfully implemented by Peter Dubens since 2004 with the support of the team that has since joined him, a key feature of which in the case of the Company will be an investment bias towards consumer-facing businesses which have an established brand or with the potential to develop their brand.

Peter Dubens has built a strong track record of investment in unquoted companies over the last eight years spanning various market cycles and investment conditions. The Company expects the majority of investments to be sourced through a network of existing personal and professional contacts of Peter Dubens, again following the existing smaller company model.

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

- income tax relief of 30% is available on the amount invested provided those shares are held for a minimum of 5 years.
- dividend payments are tax free.
- no capital gain arising when shares are sold.

Background of Peter Dubens

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

Oakley Capital Private Equity L.P. focuses on investments in the UK and Western European middle-market (the "Oakley Private Equity Fund"). It was established in 2007 and at final closing had €288 million of committed capital. Since launch, it has generated a realised and unrealised gross IRR of 38% and a 2.1x cash multiple as at 30 June 2012, and to 30 June 2012 Oakley Capital Private Equity L.P. had returned to its investors an amount equivalent to 72% of their paid-in capital (*source: unaudited figures provided by the Manager²*).

In the smaller company arena, the Management Team has a strong track record having to-date invested approximately £6.3 million in 7 smaller companies described on pages 34 to 40 (the "Smaller Companies"). Two of these companies have been sold generating sale proceeds of £6.7 million for the Introduced Investors with an IRR of 96% and a 4.7x cash multiple. Including unrealised investments, the value of the Introduced Investors' investment in the Smaller Companies (including sale proceeds) is £18.9 million giving an IRR of 33% and a cash multiple of 3.0 x. If income tax relief at 30% (i.e. the current level of relief) were to be applied to the Smaller Company portfolio, the cash multiple as a function of the (imputed) effective cost of investment would be lifted to 4.3x (*source: unaudited figures in this paragraph provided by the Manager³*).

The Management Team is described on page 27.

¹ See responsibility statement at paragraph 6.24 of Part 4 of this document.

² See responsibility statement at paragraph 6.24 of Part 4 of this document.

³ See responsibility statement at paragraph 6.24 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments in the Smaller Companies, see note 1 to the table on page 26 of this document as to the methodology and assumptions applied in such calculations.

The Offer

The Company is seeking to raise £20 million from Investors to invest in Qualifying Investments and Non-Qualifying Investments, in accordance with its investment policy.

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

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

As investments in investee companies are sold, the Company intends to pay the net proceeds it receives from each sale to Investors. It is anticipated that realisations of Qualifying Investments will occur within 3-7 years of the date the Company invests.

The Company has been structured as a VCT to take advantage of the substantial tax reliefs available to UK income taxpayers investing in VCTs, including 30% income tax relief on the amount invested. This results in an investment with a net cost of 70p acquiring 100p of assets, less issue costs of 2.0p.

The Management Team has a strong track record of investment in smaller companies which includes introducing investors to direct investments in one or more of the Smaller Companies. Those investors have, in aggregate, already seen 108% of their invested capital returned with the unrealised value of the remaining portfolio as at 30 June 2012 representing a further 194% of their invested capital (*source: unaudited figures provided by the Manager⁴*).

Jonathan Djanogly
Chairman

⁴ See responsibility statement at paragraph 6.24 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments in the Smaller Companies see note 1 to the table on page 26 of this document as to the methodology and assumptions applied to such calculations.

Part 1

Overview

Investment Strategy

For its Qualifying Investments, the Company is expected to invest principally in unquoted companies, although it may also invest in companies whose shares are traded on AIM or ISDX. The Company will invest in a diverse range of smaller companies which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist, following the successful smaller companies strategy of Peter Dubens and his team. Five out of seven of the Smaller Company investments to-date have been in businesses which match this profile. The companies may be at any stage in their development from start-up to established businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, though the Company may also invest in preference shares or provide loans as part of those investments. It is anticipated that the Company will generally take positions in its investee companies which, whilst minority interests (as required under VCT Rules), provide the Company with significant influence over key elements of each investee company's strategy and operations.

It is anticipated that, at any time, up to 30% of investments will be held in Oakley Funds, which are Non-Qualifying Investments, recognising that no single investment will represent more than 15% of net assets. Oakley Funds comprise of funds or investments managed or advised by the Oakley Group but exclude Oakley Capital Private Equity L.P. (a private equity fund) and PROfounders Capital L.P (a venture capital fund). Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of the Offer will be invested in Oakley Funds and the balance in a portfolio of investments which may include money market securities, gilts and cash deposits.

Tax Benefits

VCTs offer significant tax advantages over most investment products.

In summary, the main tax reliefs for Investors are:

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

Example

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

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

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

The Company proposes to raise subscriptions from Investors through both a 2012/13 Offer and the 2013/14 Offer. Investors will be able to subscribe for shares both before and after the end of the current tax year (5 April 2013) in order to take advantage of the tax reliefs available in each tax year. This also means that individual Investors will be able to invest a maximum of £400,000 in the Company, utilising their income tax relief for two tax years.

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

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

Deal Flow

- The Company expects the majority of investments to be sourced by the Manager from the extensive personal and professional networks of the Management Team. Of the seven investments made in Smaller Companies all were acquired as a result of personal networks of the Management Team.
- The Management Team has extensive personal and professional networks built up over many years from direct operational business experience in commercial enterprises in a variety of sectors, and from private equity investing. Prior to establishing Oakley Capital Private Equity, Peter Dubens directed the successful consolidation and realisations of 365 Media and Pipex, establishing a network of entrepreneurs and strategic and financial sellers and purchasers which have generated relevant and quality deal flow and exit sources for the private equity fund.
- PROfounders Capital L.P., a venture fund set up by Peter Dubens, Brent Hoberman and others will be available to provide the Management Team with early insight into trends in digital media whilst its investor base, comprising a number of Europe's successful entrepreneurs, provides a source of deal flow and market intelligence.

Exit

The Company aims to exit each of its Qualifying Investments after a holding period of approximately 3-7 years. The Management Team will consider the likely exit options as part of its due diligence process on the opportunity before making a recommendation to invest. The Management Team has extensive experience of selling companies both to strategic buyers and private equity investors from which the Company will benefit.

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

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

Substantial Directors' Commitment

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

Investment Activity & Performance

The Management Team's investment activity and performance is summarised below:

- The Management Team has developed a consistent track record of investing in smaller companies, targeting businesses capable of significant organic growth.
- The Management Team has arranged seven investments for investors for an aggregate acquisition cost of £6.3 million and has achieved two realisations, Humyo.com, which generated an IRR of 110% and 4.9x cash multiple over a 37-month period with sale proceeds attributable to investors of £5.1 million. In addition, Tom Aiken Group generated an IRR of 82% and a 4.3x cash multiple over a 29-month period with attributable sale proceeds of £1.7 million (*source: unaudited figures provided by the Manager*⁵).

One investment, Keboko, has been written off resulting in a loss to investors of £0.1 million, before tax reliefs, and Jemma Kidd has been put into administration due to lack of working capital with a loss to investors of £0.3 million, before tax reliefs.

The remaining three investments are currently valued at £12.1 million against an aggregate acquisition cost of £4.4 million (*source: unaudited figures provided by the Manager*⁶).

- The portfolio of Smaller Company investments reflects the types of deals which the Management Team will target, which contain elements of the following:
 - companies capable of organic growth;
 - in consumer-facing businesses; and
 - with a recognised brand and/or a brand capable of development.

⁵ See responsibility statement at paragraph 6.24 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments in the Smaller Companies see note 1 to the table on page 26 of this document as to the methodology and assumptions applied to such calculations.

⁶ See responsibility statement at paragraph 6.24 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments in the Smaller Companies see note 1 to the table on page 26 of this document as to the methodology and assumptions applied to such calculations.

Investments in Smaller Companies to 30 June 2012

Small Company Returns	Sector	Date of initial investment	Date of Exit/ Current	Total invested by investors	Investment Status	Investor Returns	Average Return on Investment	Average IRR on investment
Humyo.com	Digital Media	May-07	Jun-10	1,043,175	Sold	5,065,653	x4.9	110%
Penfield	Clothing	May-06	Dec-11	1,104,118	Current	3,681,722	x3.3	33%
Tom Aikens	Restaurant	Oct-08	Mar-11	388,361	Sold	1,659,573	x4.3	82%
KX	Leisure	2004	Jun-12	1,336,887	Current	6,469,626 ¹	x4.8	29%
James Perse	Clothing	Oct-11	Jun-12	1,997,500	Current	1,997,500	x1.0	n/a
Jemma Kidd	Cosmetics	Apr-07	Jun-12	276,693	Closed	0	x0.0	n/a
Keboko	Digital Media	Nov-10	May-11	104,200	Closed	0	n/a	n/a
Total				6,250,934		18,874,073	x3.0	33%

¹ The investor return for KX includes return of capital to investors of £1.3 million.

1. Date of initial investment, total invested by investors and investor returns (including average return on investment and average IRR on investment) in each case refer only to those investments made by members of the Oakley team or by contacts of Oakley into the specified companies. Investments by company founders or by members introduced by founders (and, therefore, not by Oakley team members or contacts) are disregarded for the purposes of this table and in the calculation of any figures relating to the above referred to elsewhere in this document.
2. Humyo.com was sold in June 2010, and the proceeds of sale, including deferred consideration, was subsequently distributed to investors, as reflected in the table.
3. Tom Aikens was sold in March 2011 with cash on completion. This was distributed to investors, as reflected in the table.
4. Jemma Kidd was put into administration in September 2012 and Keboko has been closed with a total loss of both investments.
5. James Perse is a relatively recent investment where the Oakley team and contacts own 100% of the company (through EIS qualifying holdings). As the first subscriptions were only made in October 2011, the investment is being valued at cost.
6. Penfield is a current investment which has been assessed at fair value. This valuation is based on 9.1 x 2012 forecast EBITDA which has been derived from the mean of EBITDA multiples for a group of listed UK and US clothing brands. This valuation is also supported by a group of transactions comparative in the UK sector since 2010.
7. KX is also a current investment which has been assessed at fair value. Enterprise value is based on 8.4 x 2012 unaudited EBITDA which has been derived from the mean of EBITDA multiples for a group of listed UK and US fitness brands. Debt of £0.9m has been deducted from enterprise value to reflect the fair value attributable to investors. In addition, investor returns includes repayments of capital to investors amounting to £1.3m.

Management Team

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

Peter Dubens – Managing Partner & Co-Founder of Oakley

Peter Dubens is the founder of Oakley and its associated group of businesses, a privately owned asset management and advisory group which now comprises private equity, asset management, venture capital, corporate finance and capital introduction operations, managing over US\$0.8 billion of discretionary capital.

Peter has, over the last 27 years, managed the acquisition, restructuring and consolidation of public and private companies, including the formation of two public companies, namely of 365 Media Group plc and Pipex Communications plc. The 365 Media Group consolidated 12 businesses within the online sports information and betting industry and Pipex Communications plc consolidated 14 businesses within the telecoms and internet industries. 365 Media was sold for over £102 million to BSkyB and the main operating divisions of Pipex were sold for £370 million.

Peter is Managing Partner of Oakley and will focus on deal origination in relation to the Company.

Andrew Wolfson – Chief Executive Officer

Andrew Wolfson joined Oakley in 2009. Andrew has worked on a number of the small company portfolio companies including KX, Tom Aikens and James Perse. Prior to 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.

Kathy Jackson – Chief Operating Officer

Kathy is a qualified Chartered Accountant and member of the Securities Institute with 18 years of experience. During her career she has worked across a variety of sectors, starting her career in Taxation at Arthur Andersen and moved into Corporate Finance (Mergers and Acquisitions) at Ernst and Young. In 2004 she joined Oakley in the Mergers and Acquisitions team and was involved in various acquisitions relating to Pipex Communications plc.

In 2004 she became COO of the Oakley Alternative Investment Management division and launched the flagship Oakley Absolute Return Fund and is responsible for all alternative fund operations.

Kathy is responsible for operations and investor relations for Pembroke.

Raxita Kapashi – Finance Director

Raxita is a qualified Chartered Accountant with over 20 years experience. Raxita has worked with a number of the Smaller Companies to ensure there are strong financial controls and good working capital management in place. Raxita has assisted with re-financing a number of the Smaller Companies and worked closely with the operational teams on key performance indicators and monitoring performance against budgets. Prior to joining Oakley, Raxita held senior finance positions in a range of companies including IT consultancy, digital media, hospitality and leisure.

Raxita qualified with BDO and holds a B.Eng (Hons) from Cardiff University.

Raxita is responsible to the board of the Company for the financial management of the Company.

Board of Directors

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

Jonathan Djanogly

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 for over 12 years, 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. In this capacity, he led for the Opposition on the Companies Act 2006, the Legal Services Act 2007 and the Employment Act 2008. From 2010 Jonathan served as a Justice Minister for over two years, where his responsibilities included the reform of Legal Aid and civil 'no win no fee' claims, the banning of personal injury referral fees and the reform of employment tribunals.

Laurence Blackall

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

Peter Dubens

See details on page 27.

The Directors are in total investing £625,000 under the Offer.

Investment Policy

Investment Objectives

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

Investment Strategy

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

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

Asset Allocation

Qualifying Investment Portfolio

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

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

Non-Qualifying Investment Portfolio

Under current VCT legislation, the Company must have at least 70% of its investments in Qualifying Investments within 3 years. However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years a considerable proportion of the Company’s funds (initially all of its funds) will need to be invested elsewhere, in Non-Qualifying Investments like money market securities, gilts, listed securities and cash deposits. At any time after the end of the three years of initial investment in Qualifying Investments, the Company will hold no more than 30% of its funds in Non-Qualifying Investments.

The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. It is anticipated that at any time up to 30% of investments will be in a combination of Oakley Funds. Oakley Funds comprise of funds or investments managed by the Oakley Group.

Risk Diversification

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

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

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

Gearing

Whilst the board of directors of the Company (the "Board") does not intend that the Company will borrow funds, the Company is entitled to do so subject to the aggregate principal amount outstanding not at any one time exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).

Change in Investment Policy

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

Other Information

Conflicts of Interest

In the event of a conflict of interest arising any potential conflicts will be dealt with and approved by the Independent Board and in accordance with the Conflicts Policy as set out in the Manager's Compliance Manual.

Co-Investment Policy

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

The Company may also co-invest in one or more of the existing Smaller Companies (excluding Keboko and Jemma Kidd). As with other co-investments, the Manager, in consultation with the Board, will, at its discretion, be able to turn down the investment opportunity or to propose a different quantum of investment in order to meet the Company's requirements.

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.

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

Valuation Policy

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

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

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

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

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

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

The Company will announce its net asset value per Share through its annual reports and half yearly accounts, and 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.








Case Studies⁷

The following case studies summarise all seven investments in Smaller Companies (realised and unrealised) arranged by the Management Team. The summaries illustrate the Management Team's investment strategy, approach, and value creation record in the Smaller Companies and are indicative of the types of investment opportunities the Company intends to pursue.

Of the investments made in the Smaller Companies, two have been sold, realising a gross IRR of 96% and 4.7x cash multiple over an average holding period of 33 months. Two companies have failed, resulting in a loss to investors of £0.4 million, before tax relief. The remaining portfolio of three investments is valued at £12.1 million against an aggregate cost of £4.4 million (*source: unaudited figures provided by the Manager⁸*).

The past performance of the Manager and members of the Management Team is no indication of future performance.

All financial information contained in the summaries is unaudited unless otherwise stated.

SMALLER COMPANIES	Realised Investments
Digital Media	
Restaurants	
	Unrealised Investments
Clothing Brand	
Hospitality and Leisure	
Retail Brand	
	Investments that have been written off
Make-up	
Digital Media	

⁷ See responsibility statement at paragraph 6.24 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments in the Smaller Companies see note 1 to the table on page 26 of this document as to the methodology and assumptions applied to such calculations.

⁸ See responsibility statement at paragraph 6.24 of Part 4 of this document. As regards the calculation of returns and other figures in relation to investments in the Smaller Companies see note 1 to the table on page 26 of this document as to the methodology and assumptions applied to such calculations.



Leeds, UK

www.humyo.com

Investment Date	May 2007	Investment Cost	£1.0m
Holding	41.4%	Proceeds to investors (June 2010)	£5.1m
		IRR & Cash Multiple	110%, 4.9x realised
Team	Peter Dubens	Board Seat	Yes

Business Description	Humyo.com Limited ("Humyo") was originally founded by Dan Conlon (who in 2005 sold Donhost Limited, a hosting business, to Pipex Communications plc). Humyo was a mass market cloud storage service which enabled users to backup and synchronise their data over multiple devices, access it from anywhere and share it with friends and co-workers. It offered services to retail and corporate customers. Prior to sale, the business had over 128,000 retail users of which over 7,000 were paying retail customers, and over 900 were paying corporate customers. The business was sold to Trend Micro Inc in June 2010 at which time the business had annualised revenues of £0.7m.
Source of Transaction	Peter Dubens had known Dan Conlon since 2005 when Dan Conlon sold his previous business Donhost Limited to Pipex Communications plc.
Investment Structure	Equity funding was raised from investors during several rounds. The business had no debt.
Investment Rationale	The management team had a track record of building a business offering hosting based services, with a successful exit in Donhost in 2005. Cloud computing was becoming a significant technology in 2007 with increasing use of electronic media on mobile devices creating a demand for secure and accessible file storage.
Value Creation	<p>First funding and launch in 2007.</p> <p>Launch of paid 'Premium' product in Q4 2007.</p> <p>Launch of paid 'Business' product in Q3 2008.</p> <p>Gross Margin break even towards end of 2008.</p> <p>German subsidiary set up in 2009.</p> <p>Sale of business to Trend Micro Inc in June 2010.</p>

Investment Date	May 2006	Investment Cost	£1.1m
Holding	27%	Fair value at 30 June 2012	£3.7m
		IRR & Cash Multiple	33%, 3.3x
Team	Peter Dubens	Board Seat	Yes

Business Description	Penfield is a high-quality fashion and outdoor lifestyle brand with 37 years of heritage since its foundation in Hudson, Massachusetts in 1975. The business owns the Penfield licence and trademarks in all territories outside Asia, and is currently generating a turnover of over £9m and EBITDA of over £1.0m.
Source of Transaction	Introduced to Peter Dubens, who has known the founder Jamie Barshall from a previous successful business partnership.
Investment Structure	The business has been funded with direct equity at various stages of growth.
Investment Rationale	<ul style="list-style-type: none"> • High quality brand with heritage. • Good relationship with brand owner. • Strong management team that re-built the Vans business in the UK. • Demonstrable growth in sales, with good gross margin despite being loss making at first investment. • Opportunity to acquire and develop brand, develop channels of distribution and expand into new territories.
Value Creation	<ul style="list-style-type: none"> • Rapid growth of revenues from £369k in 2007 to £7.8m in 2011. • The company has built staff and organisational infrastructure to facilitate organic growth.
Post Investment Developments	<ul style="list-style-type: none"> • 2004 – founded, and acquired licence rights to distribute Penfield in Europe. • 2007 – extended licence to include USA. • 2010 – purchased the Penfield trademark outright for territories except certain territories in Asia.



London, UK

www.kxgym.co.uk

Investment Date	Dec 2004	Investment Cost	£1.3m
Holding	50% Investment	Fair value at 30 June 2012	£6.5m
		IRR & Cash Multiple	29%, 4.8x
Team	Peter Dubens	Board Seat	Yes

Business Description	KX Gym is an exclusive private members club incorporating luxury fitness, day spa and restaurant facilities. It was first launched in February 2002.
Source of Transaction	Peter was introduced to KX gym by Simon Fry, who needed support to help grow the business.
Investment Structure at 30 Jun 12	Equity £161k; shareholders loans £349k; bank debt £1.7m.
Investment Rationale	<ul style="list-style-type: none"> • High barriers to entry. • Strong brand. • Prominent site with loyal customer base. • Competition at luxury level is low.
Value Creation	<ul style="list-style-type: none"> • The company has grown year on year. Revenues at 2003 were £2.2m and EBITDA was a loss of £0.6m. This has grown to revenues of £7.4m and EBITDA of £1.3m in 2011. • Subscription revenues have increased from £1.3 million in 2003 to £3.8 million in 2011. • Additional revenue streams added due to new spa treatments and restaurant. Secondary spend revenues have increased from £0.9 million in 2003 to £3.6 million in 2011
Post Investment Developments	<ul style="list-style-type: none"> • In 2004 the Spa was launched and day spa facilities added. • In 2008 new site was acquired to include a new restaurant with existing café converted to club lounge. • On-going refurbishment to include training studios and further spa rooms. • Cutting edge treatments which now includes cosmetic treatments. • Internationally recognized fitness advisors and beauty therapists.



London, UK

www.tomaikens.co.uk

Investment Date & Exit date	October 2008 and March 2011	Investment Cost	£0.4m
Holding	100%	Proceeds to investors at exit	£1.7m
		IRR & Cash Multiple	82% & 4.3x
Team	Peter Dubens Andrew Wolfson Raxita Kapashi	Board Seat	Yes

Business Description	The Tom Aikens Group comprised of two restaurants:- Tom Aikens is a Michelin star restaurant based in Chelsea and Tom's Kitchen, an informal high end brasserie with a bar and private dining, also located in Chelsea.
Source of Transaction	Peter was introduced to Tom Aikens through his personal network.
Investment Structure at 30 Jun 12	Equity £388k; loans £254k.
Investment Rationale	<ul style="list-style-type: none"> • The original Tom Aikens restaurant group went into administration in the early autumn of 2008 due to overexpansion and high operating costs. • Peter Dubens could see the potential for the best running restaurants and they were bought out of the old group from the administrators. • Low entry price. • Tom Aikens – well known chef with Michelin star. • Potential to grow the brand.
Value Creation	<ul style="list-style-type: none"> • Improved EBITDA from a loss of £322k in 2008 to an EBITDA of £174k profit in 2010. • Improved margins and improved operational efficiency. • Increased number of covers.
Post Investment Developments	<ul style="list-style-type: none"> • Brought in experienced management. • Franchise agreement signed with Somerset House in 2010. • Image rights agreement over Tom Aiken's personal appearances. • Strengthened brand presence – e.g. Tom's TV appearances.

Investment Date	October 2011	Investment Cost	£2m
Holding	100%	Proceeds to investors at exit	£2m
		IRR & Cash Multiple	n/a
Team	Peter Dubens Andrew Wolfson Raxita Kapashi	Board Seat	Yes

Business Description	<p>James Perse is a well know and established brand in the US which sells high end luxury casual clothes.</p> <p>JP-UK Limited was established in February 2011 and signed an exclusive licence for retail and wholesale use of the brand for the UK market and for e-commerce in the E.U.</p>
Source of Transaction	Peter Dubens saw the brand in the US and recognised its potential to be launched in the UK market.
Investment Structure at 30 Jun 12	EIS qualifying investment; 30% held by Peter Dubens and remaining 70% by 18 other introduced investors.
Investment Rationale	<ul style="list-style-type: none"> Established brand in the US but with an international brand presence. EIS qualifying company which makes it attractive to investors. James Perse did not have a UK/European retail presence. Licence to sell on-line in EU.
Value Creation	<ul style="list-style-type: none"> Business still in development stage.
Post Investment Developments	<ul style="list-style-type: none"> Brought in experienced management. Two London shops opened – Westbourne Grove and Walton Street. Establishment of E-commerce site underway with anticipated launch in four languages – English, Italian, German and French. Sub-licence agreement with wholesaler from which the company earns 10% of the revenues.

JEMMA KIDD

Guilford, UK

www.jemmakidd.com

Investment Date	April 2007	Investment Cost	£0.3m
Holding	100%	Fair value at 30 June 2012	£0
Team	Peter Dubens	Board Seat	None

Business Description	Jemma Kidd Makeup School was a cosmetic brand supported by professional catwalk makeup artist Jemma Kidd. In 2003 Jemma Kidd set up a school for makeup artists, Jemma Kidd Makeup School, and in 2005 launched a further business, Jemma Kidd Makeup School Limited, that designs and distributes cosmetic products under the Jemma Kidd and Jemma Kidd Makeup School brands.
Source of Transaction	Introduced to Peter Dubens through his personal network.
Investment Structure	The business has been funded through equity injections in 2005, 2007 and 2008. At March 2011, the business had bank debt of £1.7 million.
Investment Rationale	<ul style="list-style-type: none"> • Up and coming brand with potential to become highly sought after. • Brand owner was majority shareholder, Jemma Kidd. • Progression in turnover with good gross margin. • Acquired a significant US customer, Target, that required working capital funding.
Value Creation	<ul style="list-style-type: none"> • Strong revenue growth from 2007 to 2012.
Post Investment Developments	<ul style="list-style-type: none"> • Business founded in 2005. • Investment made in 2008 to support working capital. • The business has suffered stock obsolescence issues from being sub-scale. • Year ended March 2012, turnover was approx £2.7m; however the company made a loss. • Revenues grew strongly, however the company required substantial amounts of working capital which it could not fund. • The business went into administration on 21 September 2012.

Investment Date	November 2010	Investment Cost	£0.1m
Holding	51%	2011 Fair value to Investors at 30 June 2012	£0.0
		IRR & Cash Multiple	0% & 0.0x
		Board Seat	Yes

Business Description	Keboko helped businesses of all sizes to understand which applications to move to the Cloud, and then managed the migration, developed custom applications, and supported end users. Amongst other applications, the business utilised and implemented Salesforce and Google Apps.
Source of Transaction	Introduced to Peter Dubens through his personal network.
Investment Structure	The business was funded with direct equity and no debt.
Investment Rationale	<ul style="list-style-type: none"> • Technological advances in Cloud based applications such as Salesforce and Google Apps meant businesses can realistically dispense with traditional physical IT infrastructure and support, relying on web based solutions. • Few and fragmented Cloud support businesses at time of investment. • CEO previously had 10 years within a Cloud email security business (MessageLabs).
Value Creation	<ul style="list-style-type: none"> • Successful PR, brand building demand generation with active blog and social media strategy.
Post Investment Developments	<ul style="list-style-type: none"> • The business was terminated as gross margins proved to be insufficient for the business to be viable without significantly more investment. • The company is currently being wound up.

Oakley Funds Track Record

Under current VCT legislation, the Company must have at least 70% of its investments in Qualifying Investments within 3 years. Before that period expires, the Company will hold a majority of its funds in Non-Qualifying Investments, and at any time after the end of that period the Company will hold no more than 30% of its funds in Non-Qualifying Investments, with the anticipation that at any time up to 30% of investments will be in a combination of Oakley Funds. Oakley Funds currently comprise: Oakley Absolute Return Fund Limited (fund of hedge funds) and other funds or investments managed by the Oakley Group.

The following describes the Oakley Absolute Return Fund and summarises its current performance.

The past performance of Oakley, the Manager and members of the Management Team is no indication of future performance.

All financial information contained in the summaries is unaudited unless otherwise stated.

Oakley Absolute Return Limited

Oakley Absolute Return Limited ("OAR") is a fund advised by Oakley Alternative Investment Management ("OAIM"), a division of Oakley Capital Limited. OAR is a multi-strategy portfolio, investing predominantly in hedge funds. OAR invests across differing geographies and strategies with the aim to create a diversified investment vehicle.

OAR was launched in July 2005, initially with partner's capital. OAR's key investment objective is capital preservation linked with a focus on steady, long term capital appreciation. Since the fund's inception (1 July 2005) to 31 December 2012 the fund has delivered an annualised return of 4.65%*, with an annualised volatility of 4.12%*. OAR's performance compares favourably with the HFRX Global Hedge Fund Index, and Global equity markets (MSCI World Index) which over the same period achieved returns of 0.37%, and 2.59% respectively.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005							1.13	0.69	1.45	-1.84	3.00	4.80	9.46
2006	3.57	-0.21	2.23	1.67	-0.57	0.31	0.01	0.22	0.70	1.88	1.92	2.08	14.62
2007	0.29	1.06	0.53	1.32	1.37	0.39	0.35	-0.94	1.88	2.61	-0.35	0.51	9.35
2008	-0.23	1.03	-1.51	0.52	1.31	0.37	-1.97	-0.25	-2.27	1.10	-0.60	-1.66	-4.16
2009	0.52	0.95	-0.15	0.07	2.97	-0.26	0.61	0.81	0.93	-0.13	-0.41	0.47	6.51
2010	-0.34	-0.42	0.86	-0.01	-2.32	-0.64	0.86	0.40	0.18	0.55	-0.28	1.01	-0.19
2011	-0.45	0.46	0.75	0.54	-0.99	-0.72	-0.31	-0.70	0.21	0.60	-0.05	-0.41	-1.09
2012	1.18	1.32	-0.41	-0.40	-0.34	-0.65	-0.13	-0.04	0.95	-0.76	0.15	0.64*	1.74*

Monthly Performance report (Class B) (%)

* Estimated net return. NAV subject to confirmation from Fund Administrator.

Statistics

Fund I USD Class B	
Month (Est.)	0.64*%
YTD performance	1.74*%
Annualised return	4.65%
Volatility	4.12%
Sharpe ratio	0.55
Worst month	-2.32%
Max drawdown	-5.55%
Number of holdings	16
% Positive months	60%

Fees

Any fees arising in connection with subscriptions into Oakley Absolute Return Fund or any other Oakley Fund will be absorbed within the management fees and performance fees, as appropriate, payable to the Manager, without giving rise to an increase in those fees.

The Manager, Management Arrangements and Costs

The Manager

Oakley Capital Management Limited, which is authorised and regulated by the Financial Services Authority to conduct investment business, is the manager of the Company under the terms of an investment management agreement which it has entered into with the Company on 15 February 2013 (the “IMA”). Under the terms of the IMA, the Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2.0% of Net Asset Value. Otherwise the Manager will receive an annual management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2.0% of the Company’s NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. The Manager anticipates that the Annual Running Costs (disregarding the annual management fee payable) will be approximately 1.0% of Net Asset Value.

As stated below, it is intended that the IMA is novated from Oakley Capital Management Limited to a New Manager (once that entity has been authorised by the FSA to conduct investment business).

Proposed Change in Manager

In view of the range of the services provided and the diverse investment mandates undertaken by the Oakley Group and the Manager, the Oakley Group believe that the interests of the Oakley Group and its investors would be better served by having the Company and other similar investment management mandates undertaken by an investment manager separate from the Oakley Group. Therefore, it is proposed that a new entity is established to act as investment manager to the Company. At the appropriate time an application will be made to obtain the necessary authorisation and regulatory permissions from the Financial Services Authority for the New Manager to conduct investment business. Subject to such authorisation being granted, the IMA will be novated across to the new entity. There will be no change in the terms of the IMA or any fee chargeable to the Company under the IMA. The Management Team to the Company will remain the same.

Performance Incentive Fees

As is customary in the venture capital industry, the Manager will receive an incentive fee when the Company has performed well. In order to ensure that the interests of the Manager and Shareholders are aligned, and to provide a strong incentive to the Manager, a performance fee will not be payable until distributions (whether of capital or income) to Shareholders have exceeded certain thresholds. The Manager will receive performance related incentive fees (exclusive of VAT) of 20% of any amounts distributed to Shareholders in excess of £1 per Share provided that Shareholders have received a return of 5.5% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share as from the date of the last allotment under the Offer. Where, at the time of a distribution there have been previous distributions to Shareholders, the return will be calculated from the day after the previous distribution date on the total amount subscribed per Share by Shareholders but reduced by the aggregate amount of such previous distributions made on a per Share basis.

Capital Structure

In line with normal practice amongst VCTs, after the closing date of the Offer the Company will, subject to the sanction of the Court, cancel the share premium which has arisen on the issue of Shares under the Offer. This will facilitate the payment of dividends and improve the ability of the Company to make market purchases of Shares.

Dividend policy

Generally under the VCT Rules, a VCT must distribute by way of dividend such amount as to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to maximise tax free distributions to Shareholders by way of dividends paid out of income received and from capital gains received following successful realisations. 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.

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 will endeavour to repurchase shares which Shareholders wish to sell, at a discount to net asset value per Share, less transaction costs payable to market makers and stockbrokers. Any purchase of Shares will be subject to authority from Shareholders (currently the Company has authority to purchase up to 14.99% of its issued share capital annually), the Listing Rules and having the necessary cash resources and distributable reserves available for the purchase. Shares bought back by the Company may be cancelled or held in treasury for later sale in the market. Shares which have not been held for five years are considered for tax purposes to be a disposal and, therefore, subject to clawback by HMRC of any upfront income tax reliefs obtained on subscription. Shareholders should seek professional advice in relation to any disposal of Shares.

Reporting to Shareholders

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

Corporate Governance

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

Accordingly, the Company will comply with all the provisions of the Code save that (i) new directors do not receive a full, formal and tailored induction on joining the Board (such matters are addressed on an individual basis as they arise), (ii) the Company does not have executive directors or a senior independent director, (iii) the Company does not conduct a formal review as to whether there is a need for an internal audit function as the Directors do not consider that an internal audit would be an appropriate control for a venture capital trust and (iv) as all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee. Peter Dubens, a director of the Company, is also a member of the Audit Committee. Since he is the sole shareholder and a director of the Manager, he is not considered to be independent. However, the Independent Board believes that this relationship results in enhanced communication between the Company and the Manager as well as closer supervision of the Manager's performance. The Independent Board, therefore, believes that this appointment is to the advantage of the Company.

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 complies with the legislation applicable to VCTs. In this regard PricewaterhouseCoopers has been appointed to advise on tax matters generally and, in particular, on VCT status. HM Revenue & Customs has granted the Company provisional approval as a VCT, effective from the date of Admission. Full approval will be sought as soon as possible, but will only be granted by HM Revenue & Customs once 70% by value of the Company's investments are represented by Qualifying Investments and the Company has complied with the other requirements relating to VCT qualification. PricewaterhouseCoopers will assist the Manager (but report directly to the Board) in seeking confirmation of the status of each investment as a Qualifying Investment (where applicable) and will monitor progress towards achieving full VCT approval. Once full approval has been given, the Company must continue to satisfy the requirements of HM Revenue & Customs in relation to VCTs, or it is likely to lose full approval.

Life of the Fund

The Company will terminate ten years from the closing date of the Offer but may be extended by the Directors for up to three consecutive one-year periods to provide for the orderly realisation of investments.

Costs of the Offer and Annual Fees and Expenses

Costs of the Offer

The issue costs of the Offer will be 2.0% (excluding VAT) of the gross proceeds raised, paid as a commission to the Promoter. The Promoter will pay all costs and expenses of or incidental to the Offer and Admission (including irrecoverable VAT). The Promoter reserves the right to offer Applicants, by such date as it may determine, additional Shares and to fund the subscription for such additional Shares by waiving all or part of its commission in respect of such applications.

Annual fees and expenses

The Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2.0% of Net Asset Value. Otherwise the Manager will receive an annual investment management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2.0% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. Assuming full subscription of 20,000,000 Shares, the Manager anticipates that initially the Annual Running Costs (disregarding the annual management fee payable) will be approximately 1.0% of Net Asset Value.

The City Partnership (UK) Limited will provide certain administrative, accounting and company secretarial services to the Company for an annual fee of between £30,000 and £50,000 (plus VAT at the relevant rate) payable quarterly in advance. The exact amount of the fee will depend on the gross funds raised under the Offer.

The Chairman will be paid an annual fee of £25,000 and the other Directors will be paid an annual fee of £20,000 each, amounting in aggregate to no more than £100,000 per annum. Peter Dubens, non-executive Director, has indicated that he will not draw a fee before 15 months has elapsed from the date of the first allotment of Shares under the Offer.

The Company will also be responsible for its normal third party costs including listing fees, audit and taxation services, legal fees, registrars' fees, directors' fees and other incidental costs. It is expected that the Annual Running Costs (excluding the Manager's annual management fee), will be approximately 1% of the Net Asset Value.

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

Details of the Offer

It is proposed to raise in aggregate up to £20 million by means of the Offer, payable in full, by cheque or bankers' draft, on subscription. The Offer will open on 15 February 2013 until 12 noon on 5 April 2013 in relation to the 2012/13 tax year, and until 5 pm on 31 July 2013 in relation to the 2013/14 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 2013/14 Offer, may be extended by the Directors at their absolute discretion to a date no later than 31 January 2014.

Investors must ensure that any subscriptions in relation to the 2012/13 tax year are received before 12 noon on 5 April 2013 and that subscriptions in relation to the 2013/14 tax year are made by separate cheque or bankers' draft before the closing date of the Offer.

The Offer is not underwritten. The maximum net proceeds of the Offer, assuming full subscription (disregarding the over-allotment facility) will be approximately £19.6 million. The Minimum Subscription Threshold under the Offer is £5 million. If subscriptions for less than this amount are received the Offer will lapse and subscription monies will be returned to Investors as soon as reasonably practicable. The Company will pay the Promoter a commission of 2.0% of accepted applications for Shares under the Offer.

Irrevocable commitments to invest an aggregate amount of £625,000 under the Offer, on the same terms as other Investors, have been received from the Directors.

The profile of a typical Investor is a UK tax resident individual with sufficient income and capital available to be able to commit an investment in the Company for over 5 years and who is attracted by the income tax relief available for a VCT investment, and seeks a venture capital strategy focused on capital appreciation. Investors may include retail, institutional and sophisticated investors and high net-worth individuals (however, the decision to invest may be influenced by the availability of tax reliefs to such an Investor).

Applications will be accepted on a “first come, first served” basis (provided cheques are not post-dated), subject always to the discretion of the Directors. If the Offer is over-subscribed (or over-subscribed after use of the over-allotment facility), an Applicant’s application may be rejected or may be accepted for fewer Shares than the number actually applied for. In these cases, the amount paid on application, or the balance, will be returned, without interest, by cheque sent through the post at the Applicant’s risk to the address stated in the Applicant’s 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 £10,000. The maximum aggregate investment in all VCTs in any one tax year on which tax relief is available is £200,000 per Investor.

The Offer may not be withdrawn after dealings in the Shares have commenced. In the event of any requirement for the Company to publish a supplementary prospectus, Investors who have yet to be entered into 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.

Fees payable to authorised financial intermediaries

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

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

Allotment, dealings and settlement

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

It is intended that an initial allotment of Shares will be made as soon as the Minimum Subscription Threshold of £5.0 million is reached. Successful applicants will be notified by post.

It is expected that the admission of Shares will become effective, and that trading in those Shares will to commence, within 5 Business Days of their allotment.

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

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

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. It assumes that the VCT has one class of shares only.

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 in March 2013 for tax year 2012/2013 and £200,000 in April 2013 for tax year 2013/2014.

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

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

2 Qualifying Subscribers (not Qualifying Purchasers)

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

Maximum effect of initial tax relief

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

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

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

3 Qualifying Subscribers and Qualifying Purchasers

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

3.1 Exemption from capital gains tax

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

3.2 Exempt dividend income

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

3.3 Procedure for obtaining income tax reliefs available to Qualifying Subscribers

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

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

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

4 Loss of VCT status

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

4.1 VCTs

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

4.2 Qualifying Subscribers

Income tax relief on investment

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

4.3 Qualifying Subscribers and Qualifying Purchasers

1. Exempt dividend income

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

2. Exemption from capital gains

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

Part 3

Taxation

Qualifying as a VCT

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

Qualifying Holdings

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

- vii. not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).
- 4. With effect from 6 April 2012, Qualifying Investments are limited to aggregate investments of £5 million in the twelve months ending on the date of the investment.

Qualifying Companies

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

Approval as a VCT

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

Withdrawal of approval

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

Part 4

Additional Information

1. The Company

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

2. Share capital

- 2.1 The Company was incorporated with two ordinary shares of 1p each issued fully paid to the subscribers to the memorandum of the Company (the “Subscriber Shares”) which are held by HK Nominees Limited and HK Registrars Limited.
- 2.2 By ordinary and special resolutions passed on 27 November 2012:
 - 2.2.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company. This power is limited to the allotment of relevant securities up to an aggregate nominal amount of £350,000; Such authority is to expire on the later of 15 months from the date of the resolution or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting);
 - 2.2.2 the Directors were empowered (pursuant to section 571(1) of the CA 2006) to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the CA 2006) for cash pursuant to the authority referred to in paragraph 2.2.1 above as if section 561 of the CA 2006 did not apply to any such allotment, such power to expire at the conclusion of the Company’s next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously renewed or extended by the Company in general meeting). This power was limited to the allotment of equity securities in connection with:
 - 2.2.2.1 the Offer;
 - 2.2.2.2 an offer of equity securities by way of rights;
 - 2.2.2.3 otherwise than pursuant to paragraphs 2.2.2.1 to 2.2.2.2, an offer of equity securities up to an aggregate nominal amount of 10% of the issued ordinary share capital of the Company immediately following closing of the Offer;
 - 2.2.3 subject to approval by the High Court of Justice, the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offer will be cancelled;
 - 2.2.4 the Company was authorised to make one or more market purchases (within the meaning of section 693(4) of the CA 2006) of Shares provided that:

- 2.2.4.1 the maximum aggregate number of Shares authorised to be purchased is an amount equal to no more than 14.99% of the issued ordinary share capital of the Company following the Offer;
 - 2.2.4.2 the minimum price which may be paid for a Share is 1 pence;
 - 2.2.4.3 the maximum price which may be paid for an Share is an amount, exclusive of expenses, equal to 105% of the average of the middle market prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased; and
 - 2.2.4.4 unless renewed, the authority thereby conferred shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of this resolution, whichever is the later to occur, save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.
- 2.2.5 the Company adopted new articles of association, details of which are set out in paragraph 3 below.
- 2.3 On 27 November 2012, 50,000 Redeemable Preference Shares in the Company were allotted and issued to Oakley Capital Management Limited and paid up as to one quarter so as to enable the Company to obtain a certificate under section 761 of the CA 2006. Once fully paid up, the Redeemable Preference Shares will be redeemed by the Company out of the proceeds of the Offer. Each of the Redeemable Preference Shares which is redeemed shall automatically be cancelled.
- 2.4 Save as disclosed in this paragraph 2, 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.
- 2.5 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.6 Save as disclosed in this document, no material issue of Shares (other than to Shareholders *pro rata* to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- 2.7 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of the Shares is GB00B89W2T50 and the SEDOL code is B89W2T5.
- 2.8 Following admission of the Shares to the Official List and the redemption of the Redeemable Preference Shares, the issued share capital of the Company, assuming full subscription under the Offer (with no increase in the size of the Offer), will be 20,000,002 Shares.
- 2.9 The Company will be subject to the continuing obligations of the UK Listing Authority and the London Stock Exchange with regard to the issue of securities for cash and the provisions of section 561 of the CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to share capital of the Company which is not subject to the disapplication referred to in sub-paragraph 2.2.2 above.
- 3 Articles of Association**
- 3.1 The articles of association of the Company provide that its principal object is to carry on the business of a Venture Capital Trust and that the liability of members is limited.
- 3.2 The articles of association of the Company which were adopted on 27 November 2012 contain, *inter alia*, provisions to the following effect:

3.2.1 *Voting Rights*

Subject to any disenfranchisement as provided in paragraph 3.2.5 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 authorised representative) shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every Share of which he is the holder. The Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

3.2.2 *Rights Attaching to the Redeemable Preference Shares*

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

3.2.3 *Transfer of Shares*

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;

3.2.3.2 it is in respect of only one class of share; and

3.2.3.3 the transferees do not exceed four in number.

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.

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.

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.

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 amount, 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 *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.

3.2.9 *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 as hereinafter provided 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.

3.2.10 *Directors' Interests*

3.2.10.1 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.

3.2.10.2 Provided that he has declared his interest in accordance with paragraph 3.2.10.1, 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.

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

3.2.10.3.1 the giving to him of any guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;

3.2.10.3.2 the giving to a third party of any guarantee, security or indemnity in respect of a debt or an obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

3.2.10.3.3 any proposal concerning the subscription by him of shares, debentures or other securities of the Company or any of its subsidiary undertakings or by virtue of his participating in the underwriting or sub-underwriting of an offer of such shares, debentures or other securities;

3.2.10.3.4 any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he and any persons connected with him do not to his knowledge hold an interest in

shares representing one % or more of any class of the equity share capital of such company or of the voting rights available to members of the company;

3.2.10.3.5 any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and

3.2.10.3.6 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.

3.2.10.4 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.

3.2.11 *Remuneration of Directors*

3.2.11.1 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.

3.2.11.2 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.

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

3.2.12 *Retirement of Director*

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

3.2.13 *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 at any one time 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).

3.2.14 *Uncertificated Shares*

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

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

3.2.15 *General Meetings*

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

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

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

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

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

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

3.2.16 *Duration*

The Directors shall, prior to the date of circulation of the relevant notice to shareholders convening the tenth annual general meeting of the Company following the Admission of Shares, draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at the tenth annual general meeting. The Directors shall use all reasonable endeavours to ensure that such proposals for the voluntary liquidation, unitisation or other reorganisation of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution. The Directors may, if they determine that it is reasonably desirable for the orderly realisation of investments by the Company, may resolve to extend the date for the consideration and such submission of such proposals so that proposals are considered at the next following annual general meeting, provided that the Directors may only resolve to defer the submission of such proposals to the members of the Company to no later than at the thirteenth annual general meeting.

4 Directors and Other Interests in the Company

4.1 DTR 5 of the Disclosure and Transparency Rules requires a Shareholder to notify the Company of the percentage of its shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds. The Company will make such information public through a Regulatory Information Service. Neither the Company nor the Directors are aware of any person who, not being a member of its administrative, management or supervisory bodies, as at the date of this document or immediately after the Offer (assuming full subscription), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or who is interested directly or indirectly in 3% or more of the issued share capital of the Company.

4.2 The interests of the Directors and their immediate families in the share capital of the Company, all of which are beneficial, as they are expected to be following the Offer, and of persons connected to the Directors and their immediate families and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director will be as set out below together with the percentages which such interests represent of the Shares in issue assuming that the Offer is fully subscribed (with no increase in the size of the Offer):

Name	Number of Shares	Percentage
Jonathan Djanogly	25,000	0.13
Laurence Blackall	200,000	1.00
Peter Dubens	400,000	2.00

There are no different rights attaching to those Shares.

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 or any of its subsidiaries whether beneficial or non-beneficial and save as disclosed in paragraph 4.2 above, no shares in the capital of 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 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.

4.6 No loans made or guarantees granted or provided by the Company to or for the benefit of any director are outstanding.

4.7 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 15 February 2013 each of which is terminable upon 3 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. 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.

- 4.8 There are no family relationships between any of the Directors or members of the Manager or between any of the Directors and the members of the Manager.
- 4.9 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

Jonathan Djanogly

2 & 3 Angel Court Management
Company Limited
CGLV Limited
Pembroke VCT PLC
The Djanogly Family LLP

Laurence Blackall

Blackweir Inns Limited
Colourweir Inns Limited
Cybertrends Limited
Daisy Group plc
Headland Media Limited
Manoir Hotels Limited
Monument Securities 11 Limited
Pembroke VCT PLC
Shadeweir Inns Limited

Peter Adam Daiches Dubens

Avocet European Technology Fund Limited
Avocet G.P.Limited
Avondale Film Partnership
Daisy Group Plc
Emplane Limited
Global Licensing Limited
Harwood Film Partnership LLP
KX Holdings Limited
KXDNA Limited
KX Gym UK Limited
Oakley Capital (8th Floor) Limited
Oakley Capital Corporate Finance LLP
Oakley Capital Interests Limited
Oakley Capital Limited
Oakley Capital Management (Bermuda) Limited
Oakley Capital Management Limited
Oakley Capital Partners LLP
Palmer Capital Associates Limited
Palmer Capital Associates Management Limited
Palmer Capital LLP
Pembroke Investment Managers LLP

Previous directorships and partnership interests

Canalside Studio Management Limited
SJ Berwin LLP

Avesco Group plc
Blueweir Inns Limited (dissolved)
Brownweir Inns Limited (dissolved)
Coastal Living Limited (dissolved)
Flexiant Corporation Limited
Flexiant Limited
Greenweir Inns Limited (dissolved)
Greyweir Inns Limited (dissolved)
Host Europe Corporation Ltd *
Navyweir Inns Limited (dissolved)
Orangeweir Inns Limited (dissolved)
Pinkweir Inns Limited (dissolved)
Purpleweir Inns Limited (dissolved)
Redweir Inns Limited (dissolved)
Whiteweir Inns Limited (dissolved)
Yellowweir Inns Limited (dissolved)

Aerofone (UK) Limited
Anglia Telecom Centres Limited
Brandnew Group Limited
CIX Holdings Limited
Compulink Information Exchange Limited
Daisy Communications Ltd
Daisy Data Solutions Limited
Daisy Telecoms Limited
Defries & Haim Limited{dissolved)
Donhost Limited
Faultbasic Limited
Fitzwilliam Bidco Limited
Freedom 4 Limited
Freedom 4 Access Limited
GX Networks UK Limited
Helix Holdco Limited (dissolved)
Host Europe Corporation Limited*
Host Europe Eight Limited
Host Europe Five Limited (dissolved)
Host Europe Four Limited *
Host Europe Limited

*Current Directorships and
partnership interests*

Peter Adam Daiches Dubens (continued)

Pembroke Managers Limited
Pembroke VCT plc
Pembroke VCT 2 plc
Petrus Ltd
Principia Capital Management Limited
Profounders Capital Limited
Star Air Media (Group) Limited
Star Air Media (Holdings) Limited
Star Air Media Limited
The First Mezzanine Film Fund LLP
The Second Mezzanine Film
Fund Limited Liability Partnership
Time Out Group HC Limited
Time Out Group BC Limited
Time Out Group MC Limited
Time Out New York Limited

*Previous directorships
and partnership interests*

Host Europe Group Limited *
Host Europe Holdings Limited *
Host Europe Nine Limited *
Host Europe One Limited (dissolved)
Host Europe Six Limited (dissolved)
Host Europe Three Limited (dissolved)
Host Europe Two Limited (dissolved)
Host Europe WVS Limited
Host Europe one
Host Europe three
Host Europe four
Host Europe six
Keboko Limited
Magic Moments Design Limited (dissolved)
Magic Moments Employee Benefits Trust
Company Limited (dissolved)
Magic Moments Internet Services
Limited (dissolved)
Magic Moments Investments
Limited (dissolved)
Murphx Innovative Solutions Limited
My Servassure Limited
Oakley Marine Limited (dissolved)
Supanames Limited
Symphony Telecom Limited
Temporary Name Limited (dissolved)
The Tom Aikens Group Limited
Transigent Limited
Vialtus Limited
Vialtus Holdings Limited
Vialtus Solutions Limited
Webfusion Internet Limited
Webfusion Internet Solutions Limited
Webfusion Limited
123-Reg Limited
XTML Limited

* In Solvent Liquidation

- 4.10 None of the Directors or members of the Manager in the five years prior to the date of this Prospectus:-:
- 4.10.1 Save as set out in paragraph 4.9 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 5 years immediately preceding the date of this document;
- 4.10.2 has any unspent convictions in relation to fraudulent offences;
- 4.10.3 has had any bankruptcies, receiverships or liquidations through acting in the capacity of a member of any administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; and
- 4.10.4 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.

- 4.11 Save as noted in paragraph 4.2 above, no Shares are being reserved for allocation to existing Shareholders or Directors.
- 4.12 The Company will take out directors' and officers' liability insurance for the benefit of the Directors.
- 4.13 The estimated aggregate remuneration, including benefits in kind, to be paid to the Directors by the Company in the financial period ending 31 March 2014, based on the arrangements currently in place with each Director, will not exceed £100,000.
- 4.14 Save insofar as Peter Dubens is a director of the Manager, no Director or member of the Management Team has any conflict of interest between his duties to the Company and their private interests or other duties.
- 4.15 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.
- 4.16 From incorporation of the Company until the date of this Prospectus no remuneration (including any contingent or deferred compensation and benefits in kind) has been paid or granted to any of the Directors of the companies or any member of the Manager by the Company for services in all capacities to the Company.
- 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 5.3 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committee of the Company comprises all of the members of the Board of Directors and shall meet at least twice a year. The Company's auditors may be required to attend such meetings. The Committee shall prepare a report each year addressed to the shareholders for inclusion in the Company's annual report and accounts. The duties of the Committee are, *inter alia*:
- 4.19.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
 - 4.19.2 to review management accounts;
 - 4.19.3 to consider the appointment of the external auditor, the level of audit fees and to discuss with the external auditor the nature and scope of the audit; and
 - 4.19.4 to consider matters of corporate governance as may generally be applicable to the Company and make recommendations to the Board in connection therewith as appropriate.
- The Company does not have a remuneration committee.

5 Material Contracts

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

5.1 Offer Agreement

Under the Offer Agreement dated 15 February 2013 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4) and the Promoter (5), the Sponsor has agreed to act as sponsor to the Offer and the Promoter has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers under the Offer. The Company will be entitled to any interest earned on subscription monies prior to the allotment of Shares. Under

the Offer Agreement, the Company will pay the Promoter a commission of 2.0% of the aggregate value of accepted applications for Shares received pursuant to the Offer.

The Promoter will pay all costs and expenses of or incidental to the Offer and Admission. Total initial costs payable by the Company under the Offer Agreement will, therefore, be limited to 2.0% of the gross proceeds of the Offer.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Manager, the Promoter, the Company and the Directors have given certain warranties and indemnities. Warranty claims must be made by no later than 60 days after the date of the publication of the audited accounts of the Company for the accounting year ending 31 March 2014. The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of £100,000 for the Promoter and £2,000,000 for the Manager, and one year's director fees for each Director. The Company has also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

5.2 *Investment Management Agreement*

An agreement (the "IMA") dated 15 February 2013 and made between the Company and the Manager whereby the Manager will provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments.

The Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2.0% of Net Asset Value. Otherwise the Manager will receive an annual management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2.0% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. Assuming full subscription of 20,000,000 Shares, the Manager anticipates that initially the Annual Running Costs (disregarding the annual management fee payable) will be approximately 1.0% of Net Asset Value. The Manager is also entitled to reimbursement of expenses incurred in performing its obligations.

The Manager will also receive performance related incentive fees (exclusive of VAT) of 20% of any amounts distributed to Shareholders in excess of £1 per Share provided that Shareholders have received a return of 5.5% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share as from the date of the last allotment under the Offer. Where, at the time of a distribution there have been previous distributions to Shareholders, the return will be calculated from the day after the previous distribution date on the total amount subscribed per Share by Shareholders but reduced by the aggregate amount of such previous distributions made on a per Share basis. For the purposes of calculating performance related incentive fees, account will be taken of all forms of distributions that may be made by the Company and as well as dividends, will include share buy backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received or deemed to be received by Shareholders (excluding any income tax relief on subscription).

The 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 commence on the date of the Admission of the Shares and, thereafter will continue until terminated on 12 months' notice in writing given by either party at any time after the tenth anniversary of Admission. 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 will be discharged by the Manager. There will be no duplication of fees in such situations.

5.3 *Directors' Letters of Appointment*

Each of the Directors has entered into an agreement with the Company dated 15 February 2013 as referred to in paragraph 4.7 above whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £25,000 and each other Director an annual fee of £20,000. Peter Dubens, non-executive Director, has indicated that he will not draw a fee before 15 months has elapsed from the date of the first allotment of shares under the Offer. 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.

5.4 *Administration Agreement*

An agreement dated 15 February 2013 and made between the Company and the Administrator whereby the Administrator provides certain administration, accounting and company secretarial services to the Company in respect of the period from Admission until the termination of the Administration Agreement with regard to all the investments of the Company. The Company shall pay an annual fee of between £30,000 and £50,000 (plus VAT at the relevant rate) payable quarterly in advance, the exact amount of the fee depending on the gross funds raised under the Offer.

The Administration Agreement will continue for a period of 1 year from the first allotment of Shares under the Offer and thereafter is terminable by either party giving 6 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. The Company has no subsidiaries or associated companies.

6.2 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

6.3 The Company has not nor has it had since incorporation any employees and it neither owns nor occupies any premises.

6.4 The Sponsor will be entitled to receive a fee from the Company in connection with the Offer as stated in paragraph 5.1 above. The Manager will receive management fees and other payments from the Company as described in paragraph 5 above. The Promoter will receive commission payments in relation to the Offer from the Company as described in paragraph 5 above.

Save as disclosed in this paragraph and in paragraph 5 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.

6.5 The Company's accounting reference date is 31 March in each year, with the first being 31 March 2014.

6.6 The Manager is Oakley Capital Management Limited, a private limited company registered in England and Wales and incorporated pursuant to the CA 2006 on 31 March 2009 under number 06864323, which is authorised and regulated by the Financial Services Authority and whose principal place of business is at 3 Cadogan Gate, Chelsea, London SW1X 0AS. The principal legislation under which it operates is the CA 2006.

- 6.7 The initial issue price of 100 pence per Share represents a premium of 99 pence per Share over the nominal value of such Shares and is payable in full on application.
- 6.8 The Offer is not underwritten. The expenses of and incidental to the Offer and the listing of the Shares including registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses will be payable by the Promoter on the terms set out in the Offer Agreement. If the maximum of £20,000,000 is raised under the Offer (with the over-allotment facility not being utilised) the net proceeds will amount to approximately £19,600,000. If the over-allotment facility is utilised, and the maximum of £25,000,000 is raised, the net proceeds will amount to approximately £24,500,000. If the Minimum Subscription Threshold is raised the net proceeds will be £5,000,000.
- 6.9 Save in connection with the Offer, Shares have not been marketed to and are not available to the public. Market makers will be offered the opportunity to subscribe for Shares under the Offer.
- 6.10 Grant Thornton UK LLP has been the only auditor of the Company since its incorporation. It is registered by the Institute of Chartered Accountants in England & Wales as auditors.
- 6.11 The Directors believe that the Offer will result in a significant gross change in their Company, including an increase in its earnings and in the net assets (of an amount that is equal to the net proceeds received under the Offer by their Company (expected to be approximately £19,600,000 assuming full subscription, disregarding the over-allotment facility, or approximately £24,500,000 assuming the Offer is increased using the over-allotment facility with full subscription)).
- 6.12 The Company has given notice to the Registrar of Company, 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. If and when capital profits are realised which the Directors consider it appropriate to distribute by way of dividend (for example on the disposal of a successful investment), the Directors would anticipate revoking this status.
- 6.13 There have been no related party transactions since the incorporation of the Company.
- 6.14 Since the date of its incorporation the Company has not commenced operations. No financial statements have been made up as the date of this document.
- 6.15 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.
- 6.16 The Offer will not proceed if the Minimum Subscription Threshold is not reached. The Minimum Subscription Threshold may be reduced at the discretion of the Board (to no less than £3,175,000) through a Regulatory Information Service announcement.
- 6.17 The capitalisation of the Company as at the date of this document is shareholders' equity of £12,500.02.
- 6.18 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.
- 6.19 The Company does not assume responsibility for the withholding of tax at source.
- 6.20 The Company does not intend to appoint an external custodian, and will hold the assets in the name of the Company.
- 6.21 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 in Part 3 of this document. In addition, the following restrictions are imposed upon the Company under the rules relating to admission to the Official List:
- 6.21.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
- 6.21.2 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

- 6.21.3 it must manage and invest its assets in accordance with the investment policy set out on pages 29 to 30 which contains information about the policies which it will follow relating to asset allocation, risk diversification and gearing and which includes maximum exposure.
- 6.22 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.
- 6.23 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.
- 6.24 The Manager accepts responsibility for the financial information contained in or referred to on pages 21, 22, 25, 26 and 33 to 40 of this document, and which are referenced to this paragraph 6.24. Such information has been included, in the form and context in which it appears, with the consent of the Manager, who has authorised, and takes responsibility for, such information under rule 5.5.3(2)(f) of the Prospectus Rules. To the best of the knowledge and belief of the Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect its import.
- 6.25 The Offer has been sponsored by Howard Kennedy Corporate Services LLP whose offices are at 19 Cavendish Square, London, W1A 2AW and which is authorised and regulated by the Financial Services Authority. The Sponsor has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.26 The Offer is being promoted by Palmer Capital LLP whose registered office is at 3 Cadogan Gate, Chelsea, London SW1X 0AS and which is authorised and regulated by the Financial Services Authority. The Promoter has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.27 There have been no significant changes in the financial or trading position of the Company since it was incorporated.
- 6.28 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.
- 6.29 The results of the Offer will be announced through a regulatory information service within 3 Business Days of the closing date of the Offer.
- 6.30 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 5.00 pm on 31 July 2013, unless previously extended by the Directors to a date no later than 31 January 2014. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 6.31 **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 6.30.**

7 Documents for Inspection

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

- 7.1 the memorandum and articles of association of the Company;
- 7.2 the material contracts referred to in paragraph 5 above;
- 7.3 the documents referred to in paragraphs 6.23, 6.25 and 6.26 above;
- 7.4 this document.

Dated: 15 February 2013

Part 5

Definitions

“2012/2013 Offer”	the offer for subscription of Shares under the Offer in respect of the 2012/2013 tax year as described in this document
“2013/2014 Offer”	the offer for subscription of Shares under the Offer in respect of the 2013/2014 tax year as described in this document
“AA”	the administration, accounting and company secretarial services agreement between the Company and The City Partnership (UK) Limited dated 15 February 2013 (as amended from time to time)
“Admission”	the admission of the Shares allotted pursuant to the Offer to a premium listing on the Official List and to trading on the London Stock Exchange’s market for listed securities
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Annual Running Costs”	annual costs and expenses incurred by or on behalf of the Company in the ordinary course of its business (including those management fees payable to the Manager pursuant to the IMA – but excluding any performance incentive fees payable pursuant to that agreement – together with any irrecoverable value added tax on those annual costs and expenses)
“Applicant”	a person who makes an application whether by lodging an Application Form or otherwise in accordance with the Terms and Conditions
“Application Form”	the application form for use in respect of the Offer set out at the end of this document
“Articles”	the articles of association of the Company (as amended from time to time)
“Board” or “Directors”	the board of directors of the Company
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“CA 2006”	Companies Act 2006 (as amended)
“Company”	Pembroke VCT plc
“Conflicts Policy”	the conflicts policy of the Manager from time to time
“Disclosure & Transparency Rules”	the disclosure and transparency rules of the FSA
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EEA States”	the member states of the European Economic Area
“EV”	enterprise value
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“HMRC”	Her Majesty’s Revenue & Customs

“IMA”	the investment management agreement between the Company and the Manager dated 15 February 2013 (as amended from time to time)
“Independent Board”	those members of the Board from time to time who are independent of the Manager
“Introduced Investors”	those persons who have made investments which are managed by, or have been arranged by, a member of the Management Team and/or Peter Dubens
“Investors”	individuals aged 18 or over who subscribe for Shares under the Offer (and “Investor” means any one of them)
“IRR” or “Internal Rate of Return”	the aggregate annual compound internal rate of return
“ISDX”	either the ISDX Main Board or the ISDX Growth Market, being markets on the ICAP Securities and Derivatives Exchange (which are the successor markets to the PLUS markets)
“ITA 2007”	Income Tax Act 2007 (as amended)
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Management Team”	the management team of the Company details of whose members are set out on page 27
“Manager”	Oakley Capital Management Limited, authorised and regulated by the FSA (or the New Manager in the circumstances described on page 43 of this document)
“Minimum Subscription Threshold”	£5,000,000, being net proceeds in respect of valid applications less the 2% arrangement fee payable to the Promoter referred to on page 45 of this document, subject to adjustment in accordance with paragraph 6.16 of Part 4 of this document.
“ML Regulations”	Money Laundering Regulations 2007 (as amended)
“NAV” or “net asset value”	net asset value
“New Manager”	any entity (which is authorised and regulated by the FSA) that has been or may be established for purposes of managing the Company’s investments in the circumstances described on page 43 of this document
“Non-Qualifying Investments”	the assets of the Company that are not Qualifying Investments
“Oakley”	Oakley Capital Limited, which is authorised and regulated by the FSA
“Oakley Funds”	any funds managed by the Oakley Group from time to time
“Oakley Group”	together Oakley Capital Limited, Oakley Capital Management Limited and their associated group of businesses from time to time
“Offer”	the offer for subscription by the Company as described in this document
“Official List”	the official list of the UKLA

“Promoter”	Palmer Capital LLP, which is authorised and regulated by the FSA
“Prospectus”	this document dated 15 February 2013 relating to the Offer
“Prospectus Rules”	the prospectus rules of the FSA
“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 FSA
“Shareholder”	a holder of Shares
“Shares”	ordinary shares of 1 pence each in the capital of the Company (and each a “Share”)
“Smaller Companies”	any or all of (as the context may require) Humyo.com Limited, Tom Aiken Group Limited, Keboko Limited, Latitude Brands Limited, JP-UK Limited, Jemma Kidd Make-up Limited and KX Holdings Limited
“Smaller Company Investors”	investors introduced to the smaller company portfolio by Oakley team members
“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
“Terms and Conditions”	the terms and conditions of the Offer set out in Part 6 of this document
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“unquoted”	private or public companies not quoted on any market or exchange
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs

Part 6

Terms and Conditions of Application

1. In these terms and conditions of application, the expression "Prospectus" means this document dated 15 February 2013. The expression "Application Form" means the application form for use in accordance with these Terms and Conditions of application and posting (or delivering by hand during normal business hours) it to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF or as otherwise indicated in this document or the Application Form.
2. The right is reserved to reject any application or to accept any application or to accept any application in part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Shares than the number applied for, or if in any other circumstances there is an excess paid on application the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained in a designated bank account in the name of the Receiving Agent.
3. You may pay for your application for Shares by cheque or bankers' draft submitted with the Application Form. Application Forms accompanied by a post dated cheque will not be processed until the cheque can be presented and will not be treated as being received by the Receiving Agent until that date.
4. The contract created by the acceptance of applications in respect of allotment of Shares under the Offer will be conditional on valid applications for an amount exceeding the Minimum Subscription Threshold being received before 12 noon on 5 April 2013. 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 or any smaller sum for which such application is accepted in accordance with the Offer Price, the Prospectus, these Terms and Conditions of application and the Articles of Association of the Company;
 - ii) authorise the Registrar of the Company to send a document of title for, or credit your account in respect of, the number of Shares for which your application is accepted and/or a cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - iii) agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the Company or to your financial adviser;
 - iv) warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive share certificates in respect of the Shares applied for until you make payment in cleared funds for such Shares and such payment is accepted by or on behalf of the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Sponsor, and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by or on behalf of the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such Shares and may issue or allot such Shares to some other person, in which case you will not be entitled to any payment in respect of such Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your application, without interest;

- v) agree that all cheques and bankers' drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the verification of identity required by the ML Regulations and that such monies will not bear interest;
- vi) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Sponsor) to ensure compliance with the ML Regulations;
- vii) agree that, in respect of those Shares for which your application has been received and is not rejected, your application may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Registrar;
- viii) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and will be sent to you at the address supplied in the Application Form;
- ix) agree that having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all the information and representations including the risk factors contained therein;
- x) confirm that (save for advice received from your financial adviser) in making such an application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
- xi) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or the Sponsor to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
- xii) irrevocably authorise the Registrar and/or the Sponsor or any person authorised by either of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representative of the Registrar or of the Sponsor to execute any documents required therefor and to enter your name on the register of members of the Company;
- xiii) agree to provide the Company with any information which it may request in connection with your application or to comply with the VCT regulations or other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the ML Regulations;
- xiv) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Registrar and/or the Sponsor acting in breach of the regulatory or legal requirements of any territory in connection with the Offer of your application;
- xv) confirm that you have read and complied with paragraph 6 below;
- xvi) confirm that you have reviewed the restrictions contained in paragraph 7 below;
- xvii) warrant that you are not under the age of 18 years;
- xviii) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Registrar and/or the Sponsor will infringe any laws of any such territory or jurisdiction directly or indirectly as a result of or in consequence of any acceptance of your application;
- xix) agree that the Registrar and/or the Sponsor are acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of

such application being accepted or owe you any duties or responsibilities concerning the price of Shares or concerning the suitability of Shares for you or be responsible to you for the protections afforded thereunder;

- xx) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to enclose a power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
 - xxi) warrant that you are not subscribing for the Shares using a loan which would not have been given to you or any associate or not have been given to you on such favourable terms, if you have not been proposing to subscribe for the Shares;
 - xxii) warrant that the Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax. Obtaining tax reliefs given under the applicable VCT legislation is not itself tax avoidance;
 - xxiii) warrant that you are not a "US Person" as defined in the United States Securities Act of 1933 ("Securities Act") (as amended), nor a resident of Canada and that you are not applying for any Shares on behalf of or with a view to their offer, sale or delivery, directly or indirectly, to or for the benefit of any US Person or a resident of Canada;
 - xxiv) warrant that the information contained in the Application Form is accurate; and
 - xxv) agree that if you request that Shares are issued to you on a date other than 5 April 2013 and such Shares are not issued on such date that the relevant Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date.
6. No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application to satisfy him or herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The Shares have not been and will not be registered under the Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction ("the USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
8. This application is addressed to the Registrar and the Sponsor. The rights and remedies of the Registrar and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of the others.
9. The dates and times referred to in these Terms and Conditions of application may be altered by the Company with the agreement of the Sponsor.
10. The section headed Notes on Application Form forms part of these Terms and Conditions of application.

11. Investors should be aware of the following requirements in respect of the ML Regulations:
- i) 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 bank or building society statement or utility bill showing your name and address.
 - ii) your cheque or bankers’ draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers’ drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Third party cheques will not be accepted with the exception of building society cheques or bankers’ drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or bankers’ drafts will be presented for payment upon receipt. The Company reserves the right to instruct The City Partnership (UK) Limited (the “Registrar”) to seek special clearance of cheques and bankers’ drafts to allow the Company to obtain value for remittances at the earliest opportunity. If you wish to pay by electronic transfer, please contact The City Partnership (UK) Limited for the details of the account into which your transfer should be made. The right is reserved to reject any Application Form in respect of which the cheque or bankers’ draft has not been cleared on first presentation. In the event that the Offer does not reach the minimum subscription any monies returned will be sent by cheque crossed “A/C Payee only” in favour of the person named in Section 2 of the Application Form (“the Applicant”).
12. The basis of allocation will be generally on a first come, first served basis (but always subject to the absolute discretion of the Directors of the Company after consultation with the Promoter). The right is reserved to reject in whole or in part and/or scale down and/or ballot any application or any part thereof including, without limitation, where applications in respect of which any verification of identity (which the Company or the Receiving Agent consider may be required for the purposes of the ML Regulations) has not been satisfactorily supplied. Dealings prior to the issue of certificates for Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. The Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions of application.
13. The application of the subscription proceeds is subject to the absolute discretion of the Directors.
14. In relation to applications under the Offer from Applicants who have been advised by authorised financial intermediaries, in accordance with regulations introduced by the FSA such intermediaries will have been obliged to recover compensation from the Applicants in consideration of advice provided to them, and no commission (initial or trail) is payable. However, subject to express instruction from the Applicant, arrangements will be made to pay on the Applicant’s behalf such advisory fees as the Applicant and his intermediary agree (and notify to the Company) represent the cost to the Applicant of the advice he received in relation to the making of this Application.

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 (2012/13 and 2013/14) on current limits you can subscribe up to a maximum of £400,000.

Q. *What is the minimum level of investment?*

The minimum subscription is £10,000 per application.

Q. *To whom should I make the cheque payable?*

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

Q. *Where should I send my application?*

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

Q. *Will I receive a share certificate?*

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

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

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

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

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

Notes on Application Form

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

Pages 79 and 80 – Subscription Details

- 1 Amount for which you wish to subscribe: Insert (in figures) in Boxes A, B and C the amount for which you wish to subscribe (subject, if relevant, to the deduction of any adviser fees – see Option B in Section 7 of the Application Form) in relation to each individual tax year. You are able to specify in which individual tax year you invest. The application must be for a minimum of £10,000 and above that minimum in multiples of £1,000.

For applications in respect of which intermediaries have offered financial advice where an Investor has applied for an amount where the deduction of IFA fees takes the net subscription to below £10,000, then Shares will be issued based on the net amount.

Payment can be made by electronic transfer, cheque or bankers' draft. Your payment must relate solely to this application.

If you wish to pay by electronic transfer, please contact The City Partnership (UK) Limited for the details of the account into which your transfer should be made. Please either email Malcolm.Haw@city.uk.com or telephone 0131 243 7210.

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

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

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

Money Laundering Notice – Important procedures for applications of the sterling equivalent of €15,000 (for these purposes approximately £10,000 or more). The verification of identity requirements in the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or result in a delay.

If the amount of your application is for the sterling equivalent of €15,000 or more (for these purposes approximately £10,000 or more) or is one of a series of linked applications, the value of which exceeds that amount) then please provide the documents set out in A or B below (as appropriate).

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

A

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

Or

B

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

- a. a certified copy of either your passport or driving licence; and
 - b. a recent (no more than 3 months old) original bank or building society statement, or utility bill, or recent tax bill, in your name.
- 2 Name and address, etc: Insert (using block capitals) in Section 2 your full name, full address including the post code, e-mail address, daytime telephone number, National Insurance number and date of birth.
 - 3 Signature and date: Sign and date the Application Form in Section 3. By signing and dating this form you agree to invest in Pembroke VCT plc in accordance with the Terms and Conditions as set out in Part 6 of the Prospectus dated 15 February 2013.

Administration of Shareholder Account

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

- 4 Payment to your bank account: In order to facilitate the payment of dividends on any Shares held in the Company directly to your bank or building society account, please complete Section 4 of the Application Form. Dividends paid directly into your account will be paid in cleared funds on the dividend payment date. Your bank or building society statement will identify details of the dividends as well as the dates and amounts paid.
- 5 Signature, date and post code: Please sign and date the Administration of Shareholder Account in Section 5 of the Application Form. By signing and dating this section of the form you authorise the Company's Registrar to administer your shareholding in accordance with the instructions noted in the Shareholder Account Administration section of the Application Form.

Page 81 – Details of your Financial Adviser

- 6 Financial advisers' details: in order to assist in the making of the application, and to process the deduction (if any) of any adviser fees from the payment the Applicant has provided – appropriately authorised financial advisers should complete Sections 6 and 7, giving their contact name and address and their FSA number. Please note the financial advisers' obligations to advise their clients of the risk factors set out on pages 14 to 17 of this document.
- 7 Bank details for one-off fees: Financial advisers who are entitled to receive one-off fees can choose to have the one-off fees paid directly to their bank account. In order to facilitate this, please complete section 8 of the Application Form.

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Application Form

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

Pembroke VCT plc Application Form

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

PLEASE USE BLOCK CAPITALS TO COMPLETE THE FORM

Cheque

Make your cheque or bankers' draft out to "The City Partnership – Pembroke VCT" and cross it with the words "A/C Payee only". Please complete Box Da at the end of Section 1 of the Application Form. Return this form by post or by hand (during normal business hours) to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF so as to arrive by no later than 12.00 noon on 5 April 2013 in respect of an application of Shares to be made in relation to the 2012/2013 tax or 5.00 pm on 31 July 2013 in respect of an application of Shares to be made in relation to the 2013/2014 tax year. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2013/14 Offer, may be extended by the Directors at their absolute discretion to a date no later than 31 January 2014. If you post your Application Form you are recommended to use first class post and allow at least four days for delivery.

Electronic Transfer

If you wish to pay by electronic transfer, please contact The City Partnership (UK) Limited for the details of the account into which your transfer should be made. Please either email Malcolm.Haw@city.uk.com or telephone 0131 243 7210. Please complete Box Db at the end of Section 1 of the Application Form. Return this form by post or by hand (during normal business hours) to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF so as to arrive by no later than 12.00 noon on 5 April 2013 in respect of an application of Shares to be made in relation to the 2012/2013 tax or 5.00 pm on 31 July 2013 in respect of an application of Shares to be made in relation to the 2013/2014 tax year (subject to any extension referred to in the paragraph above). If you post your Application Form you are recommended to use first class post and allow at least four days for delivery.

1. Subscription Details

- | | | |
|---|---|------------------------|
| A | Application for Shares in 2012/2013 (income tax year 2012/2013) | £ <input type="text"/> |
| B | Application for Shares in 2013/2014 (income tax year 2013/2014) | £ <input type="text"/> |
| C | Total (A+B) | £ <input type="text"/> |

Total (A + B) to be not less than £10,000 (multiples of £1,000 thereafter)

Box Da Total per cheque/bankers' draft received £

Box Db Total per Electronic Transfer £



2 Personal Details

Title and Full Name:

Address:	
Post Code:	Daytime Telephone Number:
Email address:	
Date of Birth:	National Insurance Number:

3 Signature

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

Signature:	Date:
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Administration of Shareholder Account

Please complete any relevant section.

4 Payments of Dividends to your Bank Account

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

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

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

5 Dividend Payment Authorisation

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

Full Name:		
Signature:	Date:	Post Code:

6 Details of Financial Advisers

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

All financial advisers MUST advise their clients of the Risk Factors set out on pages 14 to 17 of this document.

Firm Name:		
Contact (Adviser/Administrator) (delete as appropriate):		
E-mail address:		
FSA Number:	Telephone No:	Address:
		Post Code:

7 Direct Payment of one-off fees to Financial Adviser (for applications in respect of which intermediaries have offered financial advice) (To be completed by you and intermediaries whose details are in section 6)

Option A

Tick Box ☐

I have agreed to pay fees directly to my adviser for advice relating to my investment on the basis agreed between us. I therefore do not require facilitation of any payment from my investment.

Option B

Tick Box ☐

I have agreed to pay the adviser detailed in Section 6 the one-off fee detailed below for advice relating to my investment. I hereby instruct the deduction of this amount from my subscription and its remittance to that adviser on my behalf:

£

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

Signed by Applicant:

Confirmed by Adviser:



8 Direct Payment of one-off fees to a Bank Account (for applications in respect of which intermediaries have offered financial advice) (To be completed by intermediaries whose details are in section 6)

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

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

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

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

Signature:	Date:
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Pembroke VCT plc

3 Cadogan Gate
London SW1X 0AS

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3 Cadogan Gate
London SW1X 0AS

Registered in England and Wales
Company number: 08307631