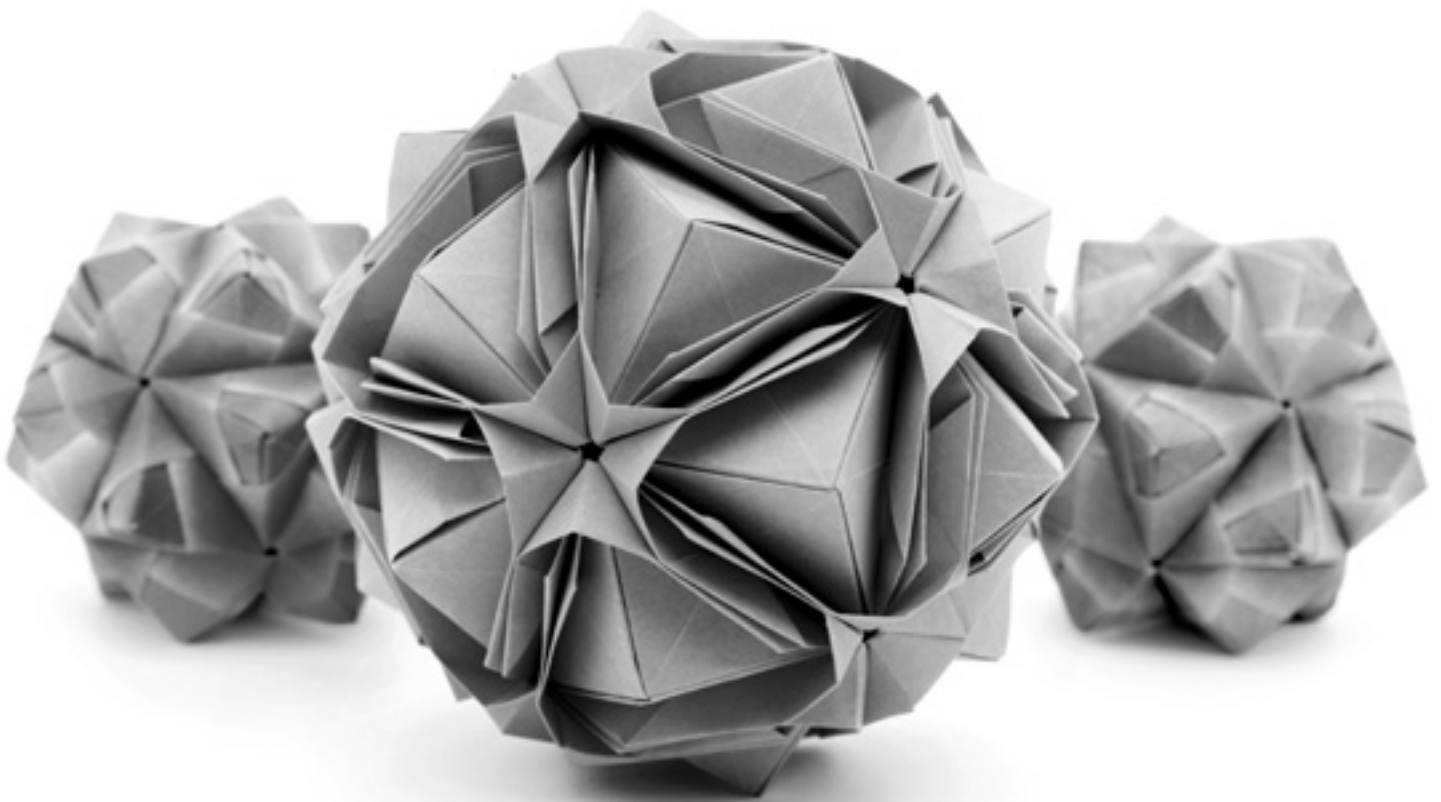


Circular to Shareholders of

# pembroke

VCT plc





# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 ("FSMA").

If you have sold or otherwise transferred all of your Shares, please send this Circular along with the attached proxy form at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, the distribution of this Circular and any accompanying documents into certain jurisdictions other than the United Kingdom (including but not limited to the United States) is or may be restricted by law and therefore persons into whose possession this Circular and any accompanying documents come should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities' laws of any such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of shares in the Company, you should retain this Circular and the accompanying documents.

This Circular does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue any security. This Circular does not constitute a prospectus or prospectus equivalent document. The Company has published a prospectus dated 3 October 2014 relating to the proposed B Ordinary Share Issue which has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000. Any decision to subscribe for new B Ordinary Shares should be only be made in reliance on that document.

## Circular to Shareholders of Pembroke VCT plc

Registered in England and Wales under number 08307631

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### Notice of General Meeting

of the Company to be held at 3 Cadogan Gate, London SW1X 0AS at 3.00 pm on 3 November 2014 seeking Shareholders' approval to the recommended proposals for:

- (a) the creation of a new share class, B Ordinary Shares, and adoption of new articles of association
- (b) the issue of new B Ordinary Shares
- (c) the adoption of the performance incentive arrangements in respect of the new B Ordinary Shares
- (d) the payment of a promoter fee in relation to the B Ordinary Share Offer
- (e) authorising the Company to make buy-backs of B Ordinary Shares

Your attention is drawn to the letter from the Chairman of the Company set out on pages 7 to 11 of this document which contains a recommendation to vote in favour of the Resolutions to be proposed at the General Meeting. Howard Kennedy Corporate Services LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and no one else and, subject to the responsibilities and liabilities imposed by FSMA, will not be responsible to anyone other than the Company for providing the protections afforded to clients of Howard Kennedy Corporate Services LLP or for providing advice to any other person in relation to the contents of this document or on any other matter referred to in this document.

Whether or not you intend to attend the General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received by 3.00 pm on 1 November 2014. The completion and depositing of a proxy form will not preclude you from attending and voting in person at the meeting should you wish to do so.

The right to vote at the General Meeting is determined by reference to the register of members 48 hours before the time of the meeting. Accordingly, to be entitled to vote, Shareholders must be entered in the register of members by 3.00 pm on 1 November 2014.

In the case of a member which is a company, it may by resolution of its directors or other governing body authorise a person or persons to act as its representative or representatives at the General Meeting.

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## Expected Timetable

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	Date/time
Latest time and date for receipt of the proxy form for use at the General Meeting	3.00 pm on 1 November 2014
General Meeting	3.00 pm on 3 November 2014
Offer for Subscription of new B Ordinary Shares opens	3 October 2014

The first allotment of new B Ordinary Shares and admission to listing on the UKLA's Official List and to trading on the premium segment of the London Stock Exchange's main market is expected to take place within ten days of applications being received for new B Ordinary Shares aggregating to at least the Minimum Subscription Threshold. Thereafter, it is expected new B Ordinary Shares will be issued and admitted to listing and trading at regular intervals at the Board's discretion.

Note: The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified through a Regulatory Information Service. The Board reserves the right to issue new B Ordinary Shares under the Offer at any time following the receipt of valid applications.

The Company's business, financial condition or results could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Ordinary Shares and/or the B Ordinary Shares may decline, or returns derived from those shares may be reduced, due to any of these risks and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem not material, may also have an adverse effect on the Company. The Directors consider the following to be all the material risks for Shareholders in the Company in relation to the Proposals, but the risks listed do not necessarily comprise all those associated with an investment in the Company or associated with the Proposals.

## 1. Risks associated with creating the B Ordinary Share class

Although the Proposed Articles contain provisions for the segregation of the assets and liabilities attributable to the Ordinary Shares and the B Ordinary Shares, certain key tests and rules will be applied on a company wide basis. For example, the VCT Rules will be applied on a company wide basis as will the tests in relation to distributable profits and other funds available for distribution by way of dividend and/or the buy-back of the Company's shares. As such, the Ordinary Shares may be affected, possibly detrimentally, by the performance of the assets attributable to the B Ordinary Shares and the liabilities attributable to the B Ordinary Shares in a number of different key ways (and vice versa, the B Ordinary Shares may be affected, possibly detrimentally, by the performance of the assets attributable to the Ordinary Shares).

The rules in relation to VCT qualification were amended with effect from 6 April 2014 to restrict the ability of VCTs to return amounts subscribed as capital to shareholders within three years of the end of the accounting period in which the funds were raised. It will, therefore, not be possible until the end of that time period to utilise amounts of share premium resulting from the B Ordinary Share issue in the same way as amounts of share premium were converted into a Special Reserve available for distributions and share buy-backs following completion of the court approval procedure in respect of the previous Ordinary Share issue. Since the share premium resulting from the B Ordinary Share issue will not be available until the end of the relevant three year period, this may impact on the Company's ability to pay dividends and/or buy back B Ordinary Shares, or the amount thereof, since during the period where share premium in respect of shares issued post 6 April 2014 cannot be used, only the existing Special Reserve and distributable reserves created through investment activities will be utilised for these purposes (and such reserves resulting from investment

activities may possibly take time to accumulate to a level where they can be used for such purposes). It should be noted however that the amount in the Special Reserve is significant (£15,443,847 as at the date of this document) and it is therefore likely that it will not be exhausted prior to the expiry of the relevant three year period. Under the current law, any cancellation of the share premium resulting from the B Ordinary Share issue would be subject to shareholder approval and court approval.

The interests of the Ordinary Shareholders and the B Ordinary Shareholders may not be aligned in respect of certain key corporate actions that the Company may seek to undertake in the future, including those which may depend on a vote of all the Shareholders together and/or separate class votes or consents.

The funds raised through the issue of the B Ordinary Shares will be raised materially later than the funds raised through the issue of the Ordinary Shares. As such, the five year VCT holding period will start running significantly later in relation to the B Ordinary Shares than with the Ordinary Shares (in respect of investors who subscribe for new shares and hold them). This may incentivise financially the holders of different classes of shares to seek different outcomes at different times.

Although the Proposed Articles contain provisions for the segregation of the assets and liabilities attributable to the Ordinary Shares and the B Ordinary Shares, in certain circumstances, such ring-fencing would be ineffective, for example in respect of amounts owed to or a claim by a third party creditor who, if successful, would have access to all the assets of the Company and not just those in a relevant pool.

## 2. Risks relating to the Proposals

The Company has incurred certain costs and expenses already in relation to the Proposals and will incur further costs and expenses in furtherance of the Offer if the Resolutions are passed at the General Meeting. Although the Promoter has agreed to reimburse the Company for the costs and expenses it will incur, if the Offer subsequently does not go ahead, and the Promoter is unable to reimburse the Company for these costs and expenses for any reason, the liability for these will be borne by the Company and by implication the Ordinary Shareholders.

If the B Ordinary Share Offer proceeds, to the extent that Shareholders do not participate in the B Ordinary Share Offer at least *pro rata* to other shares issued, the Offer will have a dilutive effect on their voting rights in relation to general meetings of the Company (on an aggregate share basis), but not in relation to class meetings.

(Registered in England and Wales No 08307631, an investment company under section 833 of the Companies Act 2006)

## Directors

Jonathan Djanogly (Chairman)  
Laurence Blackall  
Peter Dubens

## Registered office

3 Cadogan Gate  
London  
SW1X 0AS

3 October 2014

Dear Shareholder

## Proposals for a B Ordinary Share Offer

Pembroke VCT plc (the "Company" or "Pembroke") is a venture capital trust (VCT) launched in 2013 which has raised £18.1 million to date and is now seeking to build on that success with a new B Ordinary Share issue. The B Ordinary Share Offer will constitute a new and ringfenced share class and target a fund raising of up to £25 million with an over-allotment facility of a further £10 million to be used if the Board believes it is in the best interests of the Company.

The Board believes that these Proposals will:

- (a) protect the position of existing Ordinary Shareholders in a share class that is now 70.4% invested in that the B Ordinary Shares will form a separate pool of assets and liabilities within the Company and the B Ordinary Shares will not accrue rights in respect of the existing investments of the Company or dilute the invested status of the existing Ordinary Shares;
- (b) benefit the new B Ordinary Shareholders by providing a lower cost alternative to the launch of an entirely new VCT, giving the B Ordinary Shareholders the benefit of the established procedures and controls of the existing Company, giving greater certainty of a successful launch by making the Offer viable at a lower level than might otherwise have been possible and giving new shareholders the comfort of investing in an existing company with a track record of investment; and
- (c) provide an opportunity for existing Ordinary Shareholders to increase their investment and for new investors to make an investment in the Company in a tax advantageous manner through an issue of new shares.

## Terms of the B Ordinary Share issue

In order to reflect the fact that each B Ordinary Share will carry equivalent voting rights to each existing Ordinary Share, it is proposed to issue the new B Ordinary Shares at 100p per B Ordinary Share, the same issue price as the Ordinary Shares and close to the last published, unaudited, net asset value of an Ordinary Share of 100.47p (as at 30 June 2014).

The B Ordinary Shares will have the economic rights in relation to the B Ordinary Share Pool and will rank equally with each other B Ordinary Share in relation to dividends and rights to capital derived from that B Ordinary Share Pool but will have no rights to dividend or capital in respect of the Ordinary Share Pool of assets and liabilities in the Company (which will remain solely for the benefit of Ordinary Shareholders) and vice versa. The Proposed Articles contain provisions requiring the Company to maintain separate records and accounts for the Ordinary Share Pool and the B Ordinary Share Pool and to operate the separate pools as distinct entities. Initially, the B Ordinary Share Pool will consist of the net proceeds of the B Ordinary Share issue and thereafter the investments made by the Company for the B Ordinary Share Pool using those proceeds.

Costs and expenses which relate solely to one pool or the other will be allocated solely to that pool. Costs and expenses which relate to both pools will be allocated between the pools as the Board or the Manager believes most appropriate which will generally be *pro rata* to the net asset value of the respective pools. Provided the B Ordinary Share Issue proceeds, all costs and expenses in relation to the B Ordinary Share Issue will be allocated to the B Ordinary Share Pool and none will be borne by the Ordinary Share Pool.

The Ordinary Shares and the B Ordinary Shares will therefore have separate economic rights and separate net asset values going forward which may diverge and move independently over time representing the fact that their capital entitlements may differ significantly from time to time. In addition, the dividend rights attached to each class of Shares will differ from time to time and will be dependent upon the asset performance in the underlying pools.

Applications will be made for admission of the B Ordinary Shares to listing on the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

The Company has received provisional approval from HM Revenue & Customs that the Company will be approved as a Venture Capital Trust, and has received confirmation that the new B Ordinary Shares will be regarded as eligible shares.

#### **Current investment status of the Company's portfolio**

As at the date of this document (and since completing its first issue of Ordinary Shares in April 2013), the Company has made 19 investments totalling £12.5 million in aggregate with a further £1.1 million set aside as deferred consideration or for follow-on investments.

#### **Investment policy in relation to the B Ordinary Shares**

The Company's investment policy in respect of the B Ordinary Shares will be the same as the one that applies in respect of the existing Ordinary Shares. The Company will seek opportunities for the B Ordinary Share Pool which are capable of significant organic growth and, in the long term, sustainable cash generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist.

#### **Palmer Capital LLP – the Promoter**

The Promoter, Palmer Capital LLP, which acted as promoter in relation to the launch of the Company and the Ordinary Share issue, has agreed to act as promoter in relation to the B Ordinary Share Issue. Subject to shareholder approval being granted to approve the Promoter's fee as described below, it has agreed effectively to fix the costs and expenses of the B Ordinary Share Issue at 2% of the gross proceeds raised through an arrangement whereby Palmer Capital LLP will pay all costs and expenses of or incidental to the B Ordinary Share Issue, in return for which it shall receive commission of 2.0% (excluding VAT) of the aggregate value of accepted applications for B Ordinary Shares.

Since Peter Dubens, a director of the Company, is also a member of the Promoter (holding a minority membership interest), under the Listing Rules the Promoter is an associate of Peter Dubens and is, therefore, a related party of the Company. As a result, the arrangement between the Company and Promoter is a related party arrangement.

#### **Oakley Investment Managers LLP – the Manager**

Oakley Investment Managers LLP, which is authorised and regulated by the Financial Conduct Authority to conduct investment business, is the manager of the Company under the terms of an investment management agreement entered into on 15 February 2013 and novated to the Manager on 1 July 2014 (the "IMA"). Pursuant to the IMA, the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments. The Manager and the Company, subject to shareholder approval, intend to enter into the Investment Management Agreement Amendment Agreement providing the Performance Fee would be applied on the B Ordinary Shares on the same basis as on the Ordinary Shares but with a hurdle rate of 3% per annum. That agreement also provides for further changes to the IMA for the Manager to act as Alternative Investment Fund Manager to the Company.

The Manager, as investment manager of the Company, will be a party to the arrangement. Under the Listing Rules it is a related party of the Company and, therefore, the new arrangement between the Company and the Manager will be a related party arrangement.

#### **Related Party Arrangements**

The agreement by the Company to pay a promoter fee under the terms of the Offer Agreement and the adoption of the Performance Fee in respect of the B Ordinary Shares under the terms of the Investment Management Agreement Amendment Agreement will be related party arrangements as between the Company and the Promoter and the Company and the Manager respectively (the "Related Party Arrangements"). A summary of the terms of these agreements may be found in paragraphs 6.6 and 6.3 of Part 2 of this Circular respectively. The Manager is a related party as investment manager to the Company, as is Peter Dubens as a member of the Promoter and as a member of the Manager (holding the majority of the membership interest).



In relation to Peter Dubens, on 2 October 2014, he agreed with the Company, irrevocably and unconditionally, to invest £400,000 under the terms of the Offer. Furthermore, in relation to the Promoter, on 27 February 2014 it agreed with the Company to act as the promoter to the Top-Up Offer, as a result of which it received £32,984 in promoter fees. In relation to the application of the related party rules under the Listing Rules, these two transactions have been taken into account in the determining the application of the Listing Rules to the Related Party Arrangements with the Promoter.

Since the Related Party Arrangements are with related parties of the Company, the Listing Rules require shareholder resolutions to approve the Company entering into those arrangements. Peter Dubens, the Manager and the Promoter are, for regulatory reasons, not permitted to vote on the resolutions to approve the Related Party Arrangements and each of them has undertaken to the Company that none of their associates will vote on the relevant resolutions. Shareholders are being asked to approve the Related Party Arrangements as they are arrangements with related parties.

### **The Proposals and the Shareholder General Meeting**

In order to proceed, the Proposals will need Shareholder approval:

- (1) to the creation of a new class of Shares, the B Ordinary Shares, and the adoption of the Proposed Articles of Association of the Company with amendments made to create the new B Ordinary Share class and to put in place provisions to ring-fence the assets of the Ordinary Share Pool and the B Ordinary Share Pool and allocate costs and expenses between the two pools;
- (2) to approve the issue of new B Ordinary Shares;
- (3) to disapply pre-emption rights in relation to the issue of new B Ordinary Shares;
- (4) to adopt the performance incentive arrangements in respect of the new B Ordinary Shares;
- (5) to the payment of a promoter fee in relation to the B Ordinary Share Offer; and
- (6) to authorise the Company to undertake buy-backs of the B Ordinary Shares.

The Company therefore intends to convene a Shareholder General Meeting on 3 November 2014 at 3.00 pm at 3 Cadogan Gate, London SW1X 0AS, notice of which is set out on page 19 of this document to put to Shareholders resolutions to approve the above matters.

If you have any questions in relation to the Shareholder General Meeting please do not hesitate to contact Sara-Jo Coakley at the Manager ([sara-jo.coakley@oakleycapital.com](mailto:sara-jo.coakley@oakleycapital.com)) but please note that she is not able to give investment advice and if you have any doubt as to whether or not you should invest in new B Ordinary Shares or how you should vote on the Proposals you should seek your own financial advice from a person experienced and authorised to give such advice.

### **Further details in relation to the new B Ordinary Shares**

Further details in relation to the new B Ordinary Shares and their rights and liabilities relative to the existing Ordinary Shares are set out in the following section "Additional Information" in Part 2 of this document and below in this Part 1.

Further information in relation to the Offer of B Ordinary Shares is contained in a prospectus published by the Company which accompanies this document.

### **Adoption of Proposed Articles of Association**

A summary of the changes proposed to be implemented through the adoption of the Proposed Articles of Association is set out in Part 2 of this Circular. A copy of the existing Articles and Proposed Articles of Association will be available during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of Oakley Investment Managers LLP at 3 Cadogan Gate, London SW1X 0AS up to and including close of business on 3 November 2014 and at the place of the General Meeting for at least 15 minutes prior to and during that meeting.

### **Overseas Shareholders**

Shareholders with a registered address in one of the Restricted Jurisdictions are not being sent this Circular. The distribution of this Circular and making the new B Ordinary Shares available to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of, countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens,

residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. No action has been or will be taken by the Company, the Receiving Agent or any other person, to permit a public offering or distribution of this Circular (or any other offering or publicity materials or application form(s) relating to the issue of new B Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

## Resolutions

Pages 19 and 20 of this Circular contain a notice convening a General Meeting of the Company to be held at 3.00 pm on 3 November 2014 at the offices of the Manager at 3 Cadogan Gate, London SW1X 0AS where the resolutions below will be proposed. The Offer is conditional upon Resolutions 1 to 6 being passed at the General Meeting.

**Resolution 1 - Creation of the B Ordinary Shares and adoption of the Proposed Articles of Association.** The proposed amendments to the Articles of Association are set out in Part 2 of this Circular and they are contained in the Proposed Articles. As required by the CA 2006, Resolution 1 will be proposed as a special resolution. This means that, in order for Resolution 1 to be passed, at least 75% of the votes cast on the resolution must be in favour. If this resolution is approved then the Proposed Articles of Association will be adopted in place of the existing Articles of Association and a new B Ordinary Share class will be created.

**Resolutions 2 and 3 – In accordance with the CA 2006, authority is sought to allot B Ordinary Shares and disapply pre-emption rights in respect of the new B Ordinary Share Offer and subsequent allotments.** Resolutions 2 and 3 will be proposed as special resolutions. This means that, in order for these Resolutions to be passed, at least 75% of the votes cast on each resolution must be in favour. The shareholder authorities which are sought under the terms of Resolutions 2 and 3 are explained below.

The Directors are seeking the authority of Shareholders to allot (i) up to 35 million new B Ordinary Shares pursuant to the new B Ordinary Share Issue and (ii) a further amount of B Ordinary Shares up to an aggregate nominal amount representing 10% of the issued B Ordinary Share capital of the Company from time to time (for use, for example, by way of a top-up offer), in each case for cash and without first offering such shares to Shareholders *pro rata* to their existing holdings of Ordinary Shares or B Ordinary Shares. The maximum allotments referred to represent, in aggregate, approximately 212% of the issued share capital of the Company as at the date of this Circular.

If granted, this authority will expire on 3 February 2016. The Company currently holds no Shares in treasury. The Directors do not currently intend to use this general authority to allot additional B Ordinary Shares but consider it desirable to have the flexibility to do so in the future.

**Resolution 4 – In accordance with the Listing Rules, Resolution 4 will, if passed, approve the variation in the terms of the Investment Management Agreement between the Company and Manager in respect of the Performance Fee applying to the B Ordinary Shares as set out in the Investment Management Agreement Amendment Agreement, conditionally entered into by the Company on 3 October 2014.** Details of the Performance Fee in respect of the B Ordinary Shares are set out on pages 14 and 15.

**Resolution 5 – In accordance with the Listing Rules, Resolution 5 will, if passed, approve the payment to the Promoter by the Company of a promoter's fee of 2% (excluding VAT) of the aggregate value of accepted applications for B Ordinary Shares under the terms of the Offer Agreement, conditionally entered into by the Company on 3 October 2014.** Further details of this agreement are set out in paragraph 6.6 of Part 2 of this document.

**Resolution 6 - This resolution seeks authority for the Company to make market purchases of its own B Ordinary Shares and is proposed as a special resolution.** If passed, the resolution gives authority for the Company to purchase up to 14.99% of its B Ordinary Shares in issue at the close of the Offer.

The Company will endeavour to repurchase shares which Shareholders wish to sell, at a discount to net asset value per Share, less transaction costs payable to market makers and stockbrokers, subject to the following. Any purchase of Shares will be subject to authority from Shareholders, the Listing Rules, having the necessary cash resources and distributable reserves available for the purchase and the Board believing it to be in the best interests of the Company at the relevant time. Shares bought back by the Company may be cancelled or held in treasury for later sale in the market.

The resolution specifies the minimum and maximum prices which may be paid for any B Ordinary Shares purchased under this authority. The minimum price (excluding expenses) which may be paid for such B Ordinary Shares is 1p per share. The maximum price (excluding expenses) which may be paid for such B Ordinary Shares shall be the higher of (i) an amount equal to 105% of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the

London Stock Exchange, for the five business days immediately preceding the day on which the purchase is made, and (ii) the value of a share of such class of the Company's shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's shares on the trading venue where the purchase is carried out.

The authority will expire on the earlier of the date which is 15 months after the date on which the resolution is passed and the Company's 2015 annual general meeting. There are no warrants or options to subscribe for Shares in the Company at the date of this document.

## Action to be taken by Shareholders

If you wish to appoint a proxy to attend, vote and speak on your behalf on the Resolutions but do not intend to attend the General Meeting, it is important that you complete the proxy form and return it to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL by no later than 48 hours prior to the time of the General Meeting i.e. by 3.00 pm on 1 November 2014. Completion and return of the proxy form will not preclude you from attending the relevant meeting and voting in person should you so wish.

## Recommendations

In accordance with the Listing Rules, the Board considers:

- (i) the introduction of the Performance Fee in respect of the B Ordinary Shares;
- (ii) the payment of the promoter's fee to the Promoter, a related party of the Company, under the Offer Agreement of an amount equivalent to 2% of the gross proceeds of the Offer;

to be fair and reasonable so far as the Shareholders of the Company are concerned and the Directors have been so advised by the Sponsor of the Company, Howard Kennedy Corporate Services LLP. In providing this advice, Howard Kennedy Corporate Services LLP has taken into account the Directors' commercial assessment of the relevant provisions of both the Offer Agreement and the Investment Management Agreement Amendment Agreement. Peter Dubens has not taken part in the Board's consideration of Resolutions 4 and 5 because he is a member of the Manager and a member of the Promoter, each of which is party to the Offer Agreement and the Investment Management Agreement Amendment Agreement respectively.

The Board considers that all of the Resolutions contained in this Circular are in the best interests of the Company and the Shareholders as a whole and recommends that Shareholders vote in favour of the Resolutions.

Each of Peter Dubens, the Manager and the Promoter, each as a related party, is not permitted to vote on Resolutions 4 and 5, and each has undertaken to the Company to take all reasonable steps to ensure that none of its associates will vote on these resolutions.

Subject to the above statement in respect of Peter Dubens, all of the Directors intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their own aggregate beneficial shareholdings of 625,000 Ordinary Shares representing approximately 3.5% of the issued Ordinary Shares.

Yours sincerely,

Jonathan Djanogly  
Chairman

### 1. Proposed amendments to the Articles of Association in the Proposed Articles

The Proposed Articles contain amendments to the existing Articles of Association in order to facilitate the creation of the B Ordinary Shares and to effect the internal ring-fencing of the assets and liabilities of the Ordinary Share Pool and the B Ordinary Share Pool and allocation of assets and liabilities between them. The Proposed Articles also contain a limited number of amendments in relation to minor administrative matters.

#### ***Separation and allocation of the assets and liabilities of the Company***

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

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

Costs and expenses which relate solely to one pool or the other will be allocated solely to that pool. Costs and expenses which relate to both pools will be allocated between the pools as the Board or the Manager believes most appropriate which will generally be *pro rata* to the net asset value of the respective pools.

#### ***Rights as to dividends***

The Proposed Articles provide that dividends to Ordinary Shareholders may only be paid out of the Ordinary Share Pool and that dividends to B Ordinary Shareholders may only be paid out of the B Ordinary Share Pool.

#### ***Rights as to capital***

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

#### ***Voting***

The Proposed Articles provide that each Ordinary Share and each B Ordinary Share carries the right to one vote on a poll and the right to vote on any matter of general relevance of application to the Company. The Ordinary Shares and the B Ordinary Shares also separately carry the right to vote on matters affecting their own class.

#### ***Use of reserves***

The Proposed Articles provide that the special reserve created upon the cancellation of the share premium account arising from the previous issue of Ordinary Shares may be used for the benefit of both the Ordinary Shares and the B Ordinary Shares. While this will not transfer any net asset value between the different share classes, it will permit those reserves to be treated as distributable profits on a company wide basis such that on an accounting basis dividends and share buybacks in respect of both share classes may be facilitated by the availability of that special reserve.

### 2. Expectations as to issue of new B Ordinary Shares

It is proposed to raise in aggregate up to £25 million, with an over-allotment facility of a further £10 million to be used at the discretion of the Board, by means of the B Ordinary Share Issue. It is expected that the Offer will open on 3 October 2014 and it is expected will remain open until 12 noon on 2 April 2015 in relation to the 2014/15 tax year, and until 5.00 pm on 1 September 2015 in relation to the 2015/16 tax year. The Offer may close in advance of these dates in the event that the maximum subscription is reached. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2015/16 Offer, may be extended by the Directors at their absolute discretion to a date no later than 18 September 2015.

The Offer is not underwritten. The maximum net proceeds of the Offer, assuming full subscription (disregarding the over-allotment facility) will be approximately £34,300,000. 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.

The new B Ordinary Shares will upon issue rank equally with all other B Ordinary Shares in issue at that date in respect of rights to dividends. The B Ordinary Shares will be issued in registered form, and will be transferable. Application will be made for the B Ordinary Shares to be admitted to the CREST system and new B Ordinary Shares may be held in certificated form or in dematerialised, uncertificated form. Fractions of shares will not be issued.

### 3. Directors' interests in the Company's Shares

The interests of the Directors and their immediate families in the share capital of the Company, all of which are beneficial, both prior to and as they are expected to be following the Offer, and of persons connected to the Directors and their immediate families and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director will be as set out below together with the percentages which such interests represent of the Shares in issue assuming that the Offer is fully subscribed (with the over-allotment facility being utilised in full):

Position as at the date of this Circular				
Director	Number of Ordinary Shares	Percentage of Ordinary Shares in issue	Number of B Ordinary Shares	Percentage of B Ordinary Shares in issue
Peter Dubens	400,000	2.2%	n/a	n/a
Laurence Blackall	200,000	1.1%	n/a	n/a
Jonathan Djanogly	25,000	0.1%	n/a	n/a

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

### 4. Major Shareholders

As at 1 October 2014, being the last practicable date prior to publication of this document, the Company was aware of the following:

Roy Nominees Limited which, as at the date of this document, holds 4,109,000 Ordinary Shares (being 22.6% of the issued share capital as at 1 October 2014).

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.

### 5. No significant change

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

### 6. Material Contracts

The following constitutes a summary of the principal contents of each material contract entered into by the Company, otherwise than in the ordinary course of business, in the period commencing on the incorporation of the Company and ending on the date of this document or which are expected to be entered into prior to admission of the B Ordinary Shares. 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:

### 6.1 Launch Offer Agreement

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

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

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

### 6.2 Investment Management Agreement

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

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 (including both Ordinary Share and B Ordinary Share pools). In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. Assuming full subscription of 35,000,000 B Ordinary Shares, the Manager anticipates that the Annual Running Costs (disregarding the annual management fee payable) will be approximately 0.5% of Net Asset Value. The Manager is also entitled to reimbursement of expenses incurred in performing its obligations.

The Manager will also receive a performance fee (exclusive of VAT) of 20% of any amounts distributed to Shareholders in excess of £1 per Share (the "Performance Fee"). As amended by the Investment Management Agreement Amendment Agreement in paragraph 6.3 below, and which amendment is subject to shareholder approval, the Performance Fee is calculated separately on the Ordinary Shares and the B Ordinary Shares and the Performance Fee on the Ordinary Shares is conditional on Ordinary Shareholders having received a return of 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Ordinary Share as from 20 January 2014 in respect of the Ordinary Shares issued pursuant to the Launch Offer and from 31 March 2014 in respect of Ordinary Shares issued under the Top Up Offer. A 3% hurdle rate applies in relation to the Performance Fee in respect of amounts paid to B Ordinary Shareholders as summarised in paragraph 6.3 below. Where, at the time of a distribution there have been previous distributions to the relevant class of Shareholders, the return will be calculated from the day after the previous distribution date on the total amount subscribed per relevant 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 Performance Fee arrangements in respect of the Ordinary Shares are not being amended at this time and will not be affected if shareholder approval to the fee arrangements in the Investment Management Agreement Amendment Agreement were to be withheld.

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

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

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

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

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

#### 6.3 *Investment Management Agreement Amendment Agreement*

Subject to shareholder approval of the Performance Fee in respect of the B Ordinary Shares, the Manager and the Company intend to enter into an amendment agreement to the IMA providing the following (the "Investment Management Agreement Amendment Agreement"):

- (a) the Performance Fee (as described in paragraph 6.2 above) would be applied on the B Ordinary Shares on the same basis as on the Ordinary Shares but with a hurdle rate of 3% per annum; and
- (b) the Manager will agree formally to act as Alternative Investment Fund Manager to the Company.

#### 6.4 *Directors' Letters of Appointment*

Each of the Directors has entered into an agreement with the Company dated 15 February 2013 whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £20,000 and each other Director an annual fee of £15,000. Each party can terminate the relevant agreement by giving to the others at least three months' notice in writing to expire at any time on or after the date 15 months from the respective commencement date of the letter. In respect of the financial period commencing on incorporation of the Company on 26 November 2012 and ending on 31 March 2014, Jonathan Djanogly received £19,726 and Laurence Blackall received £14,795. Peter Dubens has agreed not to draw a fee before 15 months have elapsed from the date of the first allotment of Ordinary Shares by the Company under the Launch Offer.

#### 6.5 *Administration Agreement*

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

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

### 6.6 Offer Agreement

Under an Offer Agreement dated 3 October 2014 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4) and the Promoter (5), the Sponsor has agreed to act as sponsor to the Offer and the Promoter has undertaken as agent of the Company to use its reasonable endeavours to procure subscribers under the Offer. The Company will be entitled to any interest earned on subscription monies prior to the allotment of Shares. Subject to shareholder approval of the payment of the promoter fee to the Promoter (as described on page 8 above), under the Offer Agreement the Company will pay the Promoter a commission of 2.0% of the aggregate value of accepted applications for Shares received pursuant to the Offer.

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

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

### 7. Related party arrangements

Save for the fees paid to the Directors of the Company as detailed in paragraph 6.4 above, the fees payable for investment adviser services under the IMA respect of the financial period commencing on incorporation of the Company on 26 November 2012 and ending on 31 March 2014 (being £129,391), the fees payable to the Promoter for its services in relation to the Launch Offer and the Top Up Offer (totalling £362,824), and the irrevocable commitments to subscribe for B Ordinary Shares from each Director (being £400,000 by Peter Dubens, £100,000 by Laurence Blackall and £25,000 by Jonathan Djanogly), there have been no other related party transactions or fees paid by the Company for the financial period referred to above, or since 31 March 2014 to the date of this document.

### 8. Consent

Howard Kennedy Corporate Services LLP and PricewaterhouseCoopers LLP have each given and not withdrawn their written consent to the inclusion of the references to them in this document in the form and context in which they are included.

### 9. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on weekdays (Saturdays and public holidays excepted) from the date of this document until the conclusion of the General Meeting at the registered office of the Company:

- the existing Articles and memorandum of association of the Company;
- the Proposed Articles of the Company;
- the consent letter from Howard Kennedy Corporate Services LLP referred to in paragraph 8 above;
- the material contracts referred to in paragraph 6 above.

Copies of the Annual Report and Accounts for the Company for the financial period commencing on its incorporation on 26 November 2012 and ending on 31 March 2014 are available free of charge at its registered office or from its website, the address of which is <http://www.pembrokevct.com>.

3 October 2014



The following definitions are used throughout this document unless the context otherwise requires:

<b>“Administrator”</b>	The City Partnership (UK) Limited
<b>“Annual Running Costs”</b>	annual costs and expenses incurred by or on behalf of the Company
<b>“Articles” or “Articles of Association”</b>	the existing articles of association of the Company
<b>“Board”</b>	the board of directors of the Company
<b>“B Ordinary Share Issue”</b>	the issue of the B Ordinary Shares as contemplated in this document
<b>“B Ordinary Share Pool”</b>	the pool of assets and liabilities allocated to the B Ordinary Shares in accordance with the Proposed Articles
<b>“B Ordinary Shares”</b>	the new B Ordinary Shares of 1p each in the capital of the Company proposed to be created by shareholder resolution at the General Meeting and with those rights set out in the Proposed Articles
<b>“Business Days”</b>	means a day on which banks in London are generally open for business and excepting Saturdays, Sundays and UK public holidays
<b>“CA 2006”</b>	the Companies Act 2006
<b>“Company”</b>	Pembroke VCT plc
<b>“General Meeting” or “Shareholder General Meeting”</b>	the shareholder general meeting of the Company convened in accordance with the notice set out at pages 19 and 20 of this document
<b>“IMA” or “Investment Management Agreement”</b>	the agreement made between the Company and Oakley Capital Management Limited dated 15 February 2013
<b>“Launch Offer”</b>	the offer for subscription of Ordinary Shares further to a prospectus issued by the Company on 15 February 2013 and which closed on 31 January 2014
<b>“Manager”</b>	Oakley Investment Managers LLP
<b>“Minimum Subscription Threshold”</b>	the minimum subscription threshold for the Offer to proceed, being £5 million in gross proceeds
<b>“Non-Qualifying Investments”</b>	the assets of the Company that are not Qualifying
<b>“Oakley Funds”</b>	any funds managed by the Oakley Group from time to time
<b>“Offer”</b>	the offer of new B Ordinary Shares as described in this document
<b>“Ordinary Share Pool”</b>	the pool of assets and liabilities allocated to the Ordinary Shares in accordance with the Proposed Articles
<b>“Ordinary Shares”</b>	the existing ordinary shares of 1p each in the capital of the Company
<b>“Performance Fee”</b>	the performance fee as described in the summary of the IMA and Investment Management Agreement Amendment Agreement in paragraphs 6.2 and 6.3 of Part 2 respectively
<b>“Promoter”</b>	Palmer Capital LLP

<b>“Proposed Articles” or “Proposed Articles of Association”</b>	the new articles of association of the Company proposed to be adopted at the General Meeting
<b>“Proposals”</b>	the proposals for the B Ordinary Share Issue and the adoption of the Proposed Articles, as described in this document
<b>“Qualifying Investments”</b>	shares in, or securities of, a Qualifying Company held by a Venture Capital Trust
<b>“Related Party Arrangements”</b>	the payment of the promoter fee pursuant to the Offer Agreement and the adoption of the performance incentive fee in respect of the B Ordinary Shares on the terms set out in the Investment Management Agreement Amendment Agreement
<b>“Restricted Jurisdictions”</b>	means the USA, Canada, Australia, Japan, New Zealand and South Africa and any other jurisdiction where it might be reasonably likely to be illegal to mail this document
<b>“Shareholders”</b>	holders of shares in the Company of whichever class
<b>“Shares”</b>	Shares in the Company of whichever class
<b>“Top Up Offer”</b>	the top up offer made by the Company in 2014 following close of the Launch Offer, and which closed on 31 March 2014

Notice is hereby given that a general meeting of Pembroke VCT plc (the “Company”) will be held at 3 Cadogan Gate, London SW1X 0AS on 3 November 2014 at 3.00 pm for the purposes of considering and, if thought fit, passing all or none of resolutions 1, 2, 3, 4, 5 and 6 in their entirety as special resolutions of the Company:

1. THAT, (a) a class of B Ordinary Shares of £0.01 each in the capital of the Company (“B Ordinary Shares”) shall be and is hereby created, each share having attached thereto the rights and being subject to the restrictions set out in the new articles of association produced to the meeting and signed by the chairman for the purposes of identification (the “Proposed Articles”), and (b) that the Proposed Articles are adopted in substitution for the existing articles of association and replace them in full.
2. THAT, without prejudice to any existing authorities, in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot and grant rights to subscribe for or to convert any security into:
  - a. new B Ordinary Shares in the capital of the Company up to an aggregate nominal amount of £350,000 in connection with an offer for subscription on such terms as set out in the circular to shareholders of the Company dated 3 October 2014 (the “Circular”);
  - b. new B Ordinary Shares in the capital of the Company for cash and otherwise than pursuant to sub-paragraph a. above, up to an aggregate nominal amount representing 10% of the issued B Ordinary Share capital from time to time;and that in connection with the use of this authority, the Directors may pay commission(s) including in the form of fully or partly paid shares in accordance with article 9 of the Proposed Articles; and provided that this authority shall, unless renewed, extended, varied or revoked by the Company, expire on 3 February 2016 save that the Company may, before such expiry, make offers or agreements which would or might require B Ordinary Shares to be allotted and the Directors may allot B Ordinary Shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
3. THAT, in accordance with section 570(1) of the Act, the Directors be and are hereby given power to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred by resolution 2 above as if section 561 of the Act did not apply to any such allotment, and so that:
  - a. reference to the allotment in this resolution shall be construed with section 560 of the Act, and
  - b. the power conferred by this resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.
4. THAT, the payment of a promoter’s fee of 2% of the gross proceeds of the offer for subscription by the Company of up to 35,000,000 B Ordinary Shares of £0.01 each and on the terms of the prospectus dated on or around the date of this document (the “Offer”) to Palmer Capital LLP, being a related party arrangement, under the Offer Agreement be and is hereby approved.
5. THAT, the Performance Fee in respect of the B Ordinary Shares between the Company and Oakley Investment Managers LLP, being a related party arrangement, be and is hereby approved.
6. THAT, without prejudice to any other existing authorities, the Company be and is hereby generally and unconditionally authorised, pursuant to section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of B Ordinary Shares of 1p each in the capital of the Company, provided that:
  - a. such authority is limited to the purchase of 14.99% of the issued B Ordinary Share capital at the close of the Offer;
  - b. the minimum price (excluding expenses) which may be paid for such B Ordinary Shares is 1p per share, the nominal amount of each such share;
  - c. the maximum price (excluding expenses) which may be paid for such B Ordinary Shares shall be the higher of:

- i. an amount equal to 105% of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase is made; and
  - ii. the value of a share of such class of the Company's shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company's shares on the trading venue where the purchase is carried out; and
- d. the Company may make a contract or contracts to purchase its own B Ordinary Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own B Ordinary Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of: (1) the date of the annual general meeting of the Company to be held in 2015, and (2) the date which is 15 months after the date on which this resolution is passed.

and for the purposes of these resolutions and this notice, words and expressions defined in the circular to shareholders of the Company dated 3 October 2014 (the "Circular") shall have the same meanings in these resolutions, save where the context requires otherwise.

By order of the Board  
of Pembroke VCT plc  
3 Cadogan Gate  
London  
SW1X 0AS  
Company Secretary  
3 October 2014

### **Appointment of proxies**

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please complete a proxy form for each proxy specifying which of your shares the proxy will be acting in respect of.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### **Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL; and
- received by Share Registrars Limited no later than 48 hours prior to the time of the General Meeting i.e. by 3.00 pm on 1 November 2014.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Electronic appointment of proxies**

6. As an alternative to completing this hard-copy proxy form, you can appoint a proxy electronically by emailing a scanned copy of the signed proxy form to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com). For an electronic proxy appointment to be valid, your appointment must be received by Share Registrars Limited no later than 48 hours prior to the time of the General Meeting i.e. by 3.00 pm on 1 November 2014.

This e-mail address should not be used for any other purposes unless expressly stated.

### **Appointment of proxy by joint members**

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- By sending an e-mail to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com) with a signed revocation attached to the email such that the revocation would have been valid had it been sent by ordinary mail.

In either case, the revocation notice must be received by the Company no later than 3.00 pm on 1 November 2014.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### Communication

10. Except as provided above, members who have general queries about the Meeting should contact the company secretary by post at The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF, or by email at [Doreen@city.uk.com](mailto:Doreen@city.uk.com) (no other methods of communication will be accepted).

You may not use any electronic address provided either:

- in this notice of general meeting; or
- any related documents (including the proxy form),

to communicate with the Company for any purposes other than those expressly stated.

# Proxy Form

Pembroke VCT plc (Company)  
General Meeting  
Proxy Form

Please insert your name and address below.

Name of shareholder:

Address:

## Before completing this form, please read the explanatory notes

I/We being a member of the Company appoint the Chairman of the meeting or

(see note 3)

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting of the Company to be held on 3 November 2014 at 3.00 pm and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting. You may vote for all the resolutions or against all the resolutions, and may not vote for some and against others.

## RESOLUTIONS

1. To create B Ordinary Shares and adopt the New Articles.
2. To authorise the allotment and issue of B Ordinary Shares.
3. To disapply pre-emption rights in relation to the above allotment and issue.
4. To approve the payment of the promoter fee under the Offer Agreement as a related party arrangement
5. To approve the Performance Fee in respect of the B Ordinary Shares as a related party arrangement.
6. To approve the Company making buy-backs of the B Ordinary Shares.

For all the  
resolutions

Against all the  
resolutions

Withheld

☐☐☐

PLEASE PLACE ONE 'X' ONLY EITHER FOR, AGAINST OR WITHHELD IN RESPECT OF ALL RESOLUTIONS.  
IF YOU PLACE A CROSS IN MORE THAN ONE COLUMN YOUR PROXY FORM WILL BE REJECTED.

Signature

Date

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pembroke  
VCT plc

3 Cadogan Gate, London SW1X 0AS

Registered in England and Wales  
Company number 08307631