

pembroke VCT plc

Offer for Subscription for
up to £15 million
of B Ordinary Shares

with an over-allotment facility for
up to a further £10 million
of B Ordinary Shares

Pembroke VCT plc is part of



Oakley Capital Group



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 29 October 2015, has been prepared in accordance with the Prospectus Rules made under Part VI of FSMA, and has been approved for publication by the Financial Conduct Authority as a prospectus under the Prospectus Rules.

The Company and the Directors, whose names appear on page 32 of this document, accept responsibility for the information contained herein. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The whole of this document should be read. In particular, attention is drawn to the section entitled ‘Risk Factors’ set out on pages 18 to 21 of this document.



Pembroke VCT plc

(incorporated in England & Wales with registered number 08307631)

Prospectus relating to an offer for subscription of up to £15 million of B Ordinary Shares of 1p each in the capital of Pembroke VCT plc payable in full on application with an over-allotment facility for up to a further £10 million of B Ordinary Shares

Sponsor

Howard Kennedy Corporate Services LLP

Joint Promoters

Oakley Capital Limited

Kin Capital Limited

The Ordinary Shares and B Ordinary Shares in issue at the date of this document are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities. Application will be made to the UK Listing Authority for all of the Shares issued and to be issued pursuant to the Offer to be listed on the premium segment of the Official List and application will be made to the London Stock Exchange for the Shares to be admitted to trading on its main market for listed securities. It is expected that the admission of such Shares will become effective, and that trading in those Shares will commence, within ten 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 B Ordinary 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 £15 million of B Ordinary Shares in the Company with an over-allotment facility of up to a further £10 million of B Ordinary Shares, which are being offered to the public, are being made available in two different tax years (2015/16 and 2016/17 tax years).

The subscription for the Offer will open on 29 October 2015 and may close at any time thereafter but in any event not later than 12.00 p.m. on 5 April 2016, in the case of the 2015/16 Offer, and at 5.00 p.m. on 29 April 2016, in the case of the 2016/17 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 2016/17 Offer, may be extended by the Directors at their absolute discretion to a date no later than 14 October 2016. All subscription monies will be payable in full in cash on application.

The terms and conditions of the Offer are set out on pages 80 to 83 of this document and are followed by an application form for use in connection with the Offer. The Offer is not underwritten.

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

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London SW1X 0AS

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London NW1 5RA

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Summary

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

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

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

Section A – Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in Shares should be based on consideration of the Prospectus as a whole by the Investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in Shares.
A.2	Use of Prospectus by financial intermediaries	The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries from the date of the Prospectus until the close of the Offer. The Offer is expected to close on or before 12.00 p.m. on 5 April 2016, unless previously extended by the Directors to a date no later than 14 October 2016. There are no conditions attaching to this consent. Financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.

Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Pembroke VCT plc (the "Company").
B.2	Domicile and legal form	The Company was incorporated and registered in England and Wales on 26 November 2012 as a public company limited by shares under the Companies Act 2006 with registered number 08307631. The Company operates under the Companies Act 2006 and regulations made under the Companies Act 2006.
B.5	Group description	Not applicable. The Company is not a subsidiary of a group.
B.6	Major shareholders	As at 28 October 2015, being the last practicable date prior to publication of this document, the Company was aware of the following:

Summary continued

Element	Disclosure requirement	Disclosure																								
B.6 continued	Major shareholders continued	Roy Nominees Limited which as at 28 October 2015 holds 4,059,000 Ordinary Shares and 670,000 B Ordinary Shares being 22% and 11% respectively of the issued share capital of the relevant share class. 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.																								
B.7	Key financial information and statement of significant changes	Certain selected historical information of the Company, which has been extracted without material adjustment from the financial statements referenced, is set out below. <table><tr><td></td><td>31.03.14 (audited)</td><td>31.03.15 (audited)</td><td>30.09.15 (unaudited)</td></tr><tr><td>Profit on ordinary activities before taxation (£'000)</td><td>471</td><td>1,600</td><td>2,205</td></tr><tr><td>Return per Share – Ordinary share (p)</td><td>3.49</td><td>6.40</td><td>10.64</td></tr><tr><td>Return per Share – B Ordinary share (p)</td><td>n/a</td><td>(0.07)</td><td>5.44</td></tr><tr><td>Net assets (£'000)</td><td>18,240</td><td>18,858</td><td>26,781</td></tr><tr><td>NAV per share (p)</td><td>100.55</td><td>103.95</td><td>111.69</td></tr></table> In the period from 1 April 2013 to 31 January 2014 the Company raised £16.5 million in its first public offer by way of an issue of Ordinary Shares. It subsequently raised a further £1.65 million by way of a top up offer of Ordinary Shares. Between 3 October 2014 and 19 July 2015 the Company raised a further £5.8 million by way of an issue of B Ordinary Shares. As at the date of this document, the Company has now invested 86% of the net proceeds of the Ordinary Share offers and 57% of the net proceeds of the B Ordinary Share offer, each in accordance with its investment policy. In March 2014, the Company completed the process of cancelling its share premium account creating a special distributable reserve in respect of the amounts previously making up the share premium account. Other than as described in this paragraph, there have been no significant changes in the financial condition and operating results of the Company during or subsequent to the period covered by the historical information set out above.		31.03.14 (audited)	31.03.15 (audited)	30.09.15 (unaudited)	Profit on ordinary activities before taxation (£'000)	471	1,600	2,205	Return per Share – Ordinary share (p)	3.49	6.40	10.64	Return per Share – B Ordinary share (p)	n/a	(0.07)	5.44	Net assets (£'000)	18,240	18,858	26,781	NAV per share (p)	100.55	103.95	111.69
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Net assets (£'000)	18,240	18,858	26,781																							
NAV per share (p)	100.55	103.95	111.69																							
B.8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is included in the Prospectus.																								
B.9	Profit forecast	Not applicable. No profit forecast or estimate is included in the Prospectus.																								
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There has been no qualification in any audit report on any historical financial information to date.																								
B.11	Explanation of insufficiency of working capital for present requirements	Not applicable. The Company is of the opinion that its working capital is sufficient for its present requirements that is for at least the twelve month period from the date of the Prospectus.																								

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

Element	Disclosure requirement	Disclosure
B.34 continued	Investment policy continued	Non-Qualifying Investment Portfolio Under current VCT legislation, the Company must have invested at least 70% of funds raised in Qualifying Investments within three years of the funds being raised. However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years a considerable proportion of those funds will need to be invested elsewhere, in Non-Qualifying Investments like unlisted companies, other funds, money market securities, gilts, listed securities and cash deposits. At any time after the end of the three years of initial investment in Qualifying Investments, the Company will hold no more than 30% of its funds in Non-Qualifying Investments. The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer will be invested in other funds, with the balance being invested in other investments which may include money market securities, gilts and cash deposits. Risk Diversification The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of unquoted companies, in particular, targeting a variety of sectors. In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the relevant share pool of the Company (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds. 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 In common with many other VCTs, whilst the board of Directors of the Company (the "Board") does not intend that the Company will borrow funds, the Company is entitled to do so subject to the aggregate principal amount at the time of borrowing not exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet). There are no plans to utilise this facility at the current time. 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 of the Shares. However, should a material change in the investment policy be deemed appropriate this will only be effected with the prior approval of Shareholders in accordance with the Listing Rules.

Summary continued

Element	Disclosure requirement	Disclosure
B.35	Borrowing limits	The Company is entitled to incur borrowings provided that the aggregate principal amount outstanding at any one time does not exceed 25% of the value of the adjusted capital and reserves of the Company at the time the borrowings are incurred (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).
B.36	Regulatory status	The Company is not a regulated entity.
B.37	Typical investor	The profile of a typical Investor is a UK tax resident individual who seeks a venture capital strategy focused on capital appreciation with sufficient income and capital available to be able to commit an investment in the Company for over five years and who is attracted by the income tax relief available for a VCT investment. Investors may include retail, institutional and sophisticated investors and high net-worth individuals (however the decision to invest may be influenced by the availability of tax reliefs to such an Investor).
B.38	Investment of 20% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 20% of its gross assets in a single underlying asset or investment company.
B.39	Investment of 40% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 40% of its gross assets in a single underlying asset or investment company.
B.40	Applicant's service providers	Investment management arrangements Under an investment management agreement dated 15 February 2013, novated to the Manager on 1 July 2014 and varied on 3 October 2014 (the "IMA"), the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments in accordance with the provisions of the IMA. Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company at 2.0% of the Company's net asset value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is therefore expected that the Annual Running Costs payable by the Company each year will be 2.0% of its net asset value. The annual management fee is payable quarterly in advance based on projected Annual Running Costs and subject to a final balancing adjustment payment either way. Annual Running Costs include the regular ordinary course of business running costs of the Company but do not include costs related to extraordinary events or significant discretionary corporate events and do not include any Performance Fee payable (as described below).

Summary continued

Element	Disclosure requirement	Disclosure
B.40 continued	Applicant's service providers continued	The Manager will also receive a performance fee of 20% exclusive of VAT of any amounts distributed to Shareholders in excess of £1 per Share (the "Performance Fee") above the relevant hurdle. The Performance Fee in relation to the return on the Ordinary Shares is subject to satisfaction of a hurdle which is that Ordinary Shareholders have received in aggregate a return equivalent to at least 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from 20 January 2014 in respect of Ordinary Shares issued pursuant to the Launch Offer and from 31 March 2014 in respect of Ordinary Shares issued under the Top Up Offer. The Performance Fee in relation to the return on the B Ordinary Shares is subject to satisfaction of a hurdle which is that B Ordinary Shareholders have received in aggregate a return equivalent to at least 3% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from (i) the date of the last allotment under the offer of B Ordinary Shares on the basis of the October 2014 prospectus in respect of Shares issued under that prospectus or (ii) the date of the issue of the relevant B Ordinary Shares under any subsequent offer of B Ordinary Shares, and in either case up to the date of proposed payment of the relevant Performance Incentive Fee. Where, at the time of a distribution, there have been previous distributions to the relevant class of Shareholders, for the purposes of determining if the hurdle on the relevant Shares has been met, the return will be calculated from the day after the previous distribution date for the relevant Shares on the total amount subscribed per relevant Share by Shareholders but reduced by the aggregate amount of such previous distributions made on the relevant Shares on a per Share basis. The Manager's appointment under the IMA will continue until terminated on twelve months' notice given by either party at any time after the tenth anniversary of the Ordinary Share Admission Date, subject to earlier termination in certain circumstances. Administration and company secretarial arrangements Under an administration agreement (the "Administration Agreement") dated 15 February 2013, The City Partnership (UK) Limited (the "Administrator") provides certain administrative, accounting and company secretarial services to the Company for an annual fee of between £40,000 and £50,000 (plus VAT). The Administrator's appointment under the Administration Agreement can be terminated on six months' notice given at any time, subject to earlier termination in certain circumstances. Offer Agreement Oakley Capital Limited ("Oakley") will pay all the Company's costs and expenses of or incidental to the Offer and Admission (including commission payable to Kin Capital), in return for which it shall receive a Promoter's Fee on the value of each application for B Ordinary Shares accepted by the Company.
B.41	Regulatory status of the Manager	The Manager is authorised and regulated by the Financial Conduct Authority. The Manager acts as the Alternative Investment Fund Manager to the Company.

Summary continued

Section C – Securities

Element	Disclosure requirement	Disclosure
B.42	Calculation of net asset value	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. 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.
B.43	Cross liability	The Company is not an umbrella collective investment undertaking. Investors should be aware however that, although the Articles contain provisions designed to allocate the assets and liabilities of the Company between the different share classes, such provisions cannot ring fence the assets allocated to one share class from the liabilities of the other share class as far as third parties are concerned (for example a creditor of the Company).
B.44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.
B.45	Portfolio	Investment of the Ordinary and B Ordinary Share Pool has been across four sectors: health and fitness; hospitality; apparel and accessories; and media and technology. As at the date of this document, the Company has made 23 investments totalling £19.0 million in aggregate. The Company's investments are principally in unquoted investments in UK companies.
B.46	Net asset value	As at 30 September 2015 being the latest date prior to this document at which the Company has published its NAV, the Company's unaudited NAV per Ordinary Share was 114.59p and unaudited NAV per B Ordinary Share was 102.68p.
C.1	Types and class of securities	The Company will issue new B ordinary shares of 1p each ("B Ordinary Shares") under the Offer. The ISIN of the B Ordinary Shares is GB00BQVC9S79 and the SEDOL is BQVC9S7.
C.2	Currency	Sterling.
C.3	Number of securities to be issued	The Company will issue up to £15 million of B Ordinary Shares in the capital of the Company pursuant to the Offer, with an over-allotment facility for up to a further £10 million of B Ordinary Shares.
C.4	Description of the rights attaching to the securities	As regards Income: The Shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Articles. Under the Articles of the Company, all the assets of the Company and all the liabilities of the Company will be allocated either to the Ordinary Share Pool or the B Ordinary Share Pool. The Ordinary Shares will be entitled to the economic benefit of the assets allocated to the Ordinary Share Pool and the B Ordinary Shares will be entitled to the economic benefit of assets allocated to the B Ordinary Share Pool.

Summary continued

Element	Disclosure requirement	Disclosure
C.4 continued	Description of the rights attaching to the securities continued	Therefore, although the rules in the Companies Act 2006 and elsewhere in relation to the payment of distributions will be applicable to the Company on a Company wide basis, the income arising on the portfolios will belong to one or the other of the share classes depending on which portfolio generated the income. As regards Capital: Similarly, the capital assets of the Company will be allocated to either the Ordinary Share Pool or the B Ordinary Share Pool. On a return of capital on a winding-up or on a return of capital (other than on a purchase by the Company of its Shares) the surplus capital shall be divided amongst the holders of the relevant Share class <i>pro rata</i> according to the number of Shares of the relevant class held and the aggregate entitlements of that Share class. The Ordinary Shares will not be entitled to any capital assets held in the B Ordinary Share Pool and the B Ordinary Shares will not be entitled to any capital assets held in the Ordinary Share Pool. In relation to the purchase by the Company of its Shares, the purchase of Ordinary Shares may only be financed by assets in the Ordinary Share Pool and the purchase of B Ordinary Shares may only be financed by assets in the B Ordinary Share Pool. As regards voting and general meetings: Subject to disenfranchisement in the event of non-compliance with a statutory notice requiring disclosure as to beneficial ownership, each Shareholder present in person or by proxy shall on a poll have one vote for each Share of which he is the holder. The Ordinary Shareholders may not be entitled to vote on certain matters which concern the B Ordinary Share class only and vice versa. As regards Redemption: None of the B Ordinary Shares or the Ordinary Shares are redeemable. As regards the Special Reserve created on the cancellation of the Company's share premium account in March 2014: The Articles provide that the special reserve created upon the cancellation of the share premium account arising from the previous issue of Ordinary Shares may be used for the benefit of both the Ordinary Shares and the B Ordinary Shares. While this will not transfer any net asset value between the different share classes, it will permit those reserves to be treated as distributable profits on a company wide basis such that on an accounting basis dividends and share buybacks in respect of both share classes may be facilitated by the availability of that special reserve.
C.5	Restrictions on the free transferability of the securities	Not applicable. There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application will be made to the UK Listing Authority for the B Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in the B Ordinary Shares will commence, within ten Business Days of their allotment.

Section D – Risks

Element	Disclosure requirement	Disclosure
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.
D.2	Key information on the key risks specific to the issuer	Key risk factors relating to the Company are: • 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. • The Company may be unable to maintain its qualifying status as a VCT, which could result in loss of tax reliefs and adverse tax consequences for Investors. • The Company's agents and advisers may be involved in other financial, investment or other professional activities which may conflict with the interests of the Company. The Directors will endeavour to ensure such conflicts are resolved fairly. Key risks associated with the Non-Qualifying Investments • 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. Key risks associated with investments in Non-Qualifying Investments • Investments in Non-Qualifying Investments may involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested. • Investments in underlying funds which pursue speculative investment policies, including hedge funds, other alternative investments or in funds which trade in commodities futures and options, currencies and currency contracts or financial instruments. Investments in such funds involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested and more specifically concentration risk, liquidity risk, the risk associated with leverage, and exposure to loss from counterparty default.

Summary continued

Element	Disclosure requirement	Disclosure
D.2 continued	Key information on the key risks specific to the issuer continued	• The performance of any hedge fund investments will be affected by the selection of funds and portfolio managers by the Manager and their performance. • Underlying funds may utilise such investment techniques as option transactions, concentrated portfolios, margin transactions, short sales and futures and forward contracts and other leveraged or derivative transactions. There is no guarantee that these will have their intended effect and may significantly amplify any losses. • Certain investments may use leverage, which increases the possibility of both profits and losses. The use of leverage will cause an increase in the volatility of returns. • Asset allocations within a hedge fund portfolio will vary during market cycles.
D.3	Key information on the key risks specific to the securities	The key risk factors relating to the Shares are: • The value of Shares may fall below the original amount invested. The market price of a Share may not fully reflect the underlying net asset value. Despite the dividend policy of the Company, it is possible, depending on the performance of the portfolio, that dividends may not be paid at the rate anticipated or at all. Investment in the Company should be viewed as a long-term investment. • There is likely to be an illiquid market in the Shares and Investors may find it difficult to realise their investment except on a winding-up of the Company. • Although the Articles contain provisions allocating the assets and liabilities of the Company to either the Ordinary Share class or the B Ordinary Share class, such allocations may not in all circumstances (for example insolvency situations) be effective in ring fencing the assets and liabilities of one share class from the other, particularly in relation to a third party creditor or claimant against the Company. • The interests of the Ordinary Shareholders and the B Ordinary Shareholders may not always be aligned, for example in relation to statutory holding periods for certain tax reliefs that run from the issue date of the relevant Share. Certain relevant tests (for example, in relation to the ability to pay dividends and/or finance the buy-back of Shares and in relation to compliance with the VCT Rules) are however calculated on a Company wide basis. In addition, certain corporate actions (such as a winding-up for example) can only be done on a Company wide basis. It may therefore occur that the Ordinary Shareholders and the B Ordinary Shareholders disagree in relation to a certain matter and the Board will have to try to find some accommodation of the competing interests. • Levels, bases of, and reliefs from taxation are subject to change, which could be retrospective. The tax reliefs described in this document are based upon current legislation, practice and interpretation and the value of tax reliefs depends upon the individual circumstances of Investors.

Summary continued

Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issue	Oakley will pay all costs and expenses of or incidental to the Offer and Admission (including commission payable to Kin Capital), in return for which it shall receive from the Company a Promoter's Fee on the value of each application for B Ordinary Shares accepted by the Company. Assuming a full subscription of £25 million of B Ordinary Shares, a Promoter Fee of 2% on all such subscriptions (with the over-allotment facility fully utilised), the cost to the Company would, therefore, be £500,000 (excluding VAT). The total net proceeds of the Offer, after all fees, is expected to be £24,500,000 (assuming a full subscription of £25 million of B Ordinary Shares, a Promoter Fee of 2% on all such subscriptions with the over-allotment facility fully utilised).
E.2a	Reason for the Offer and use of proceeds	By making the Offer the Company intends to raise funds for the B Ordinary Share Pool and then use a minimum of 70% of the proceeds of the Offer to acquire over a period not exceeding three years (and subsequently maintain) a portfolio of Qualifying Investments for the B Ordinary Share Pool in accordance with the published investment policy of the Company. 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. The estimated maximum net proceeds of the Offer, assuming a full subscription of £25 million of B Ordinary Shares and a Promoter Fee of 2% on all such subscriptions (with the over-allotment facility fully utilised), is £24,500,000.
E.3	Terms and conditions of the Offer	Up to £15 million of B Ordinary Shares are being made available at the Offer Price under the Offer, with an over-allotment facility for up to a further £10 million of B Ordinary Shares. The B Ordinary Shares are payable in full upon application. Offer Price, Commission and Adviser Charges Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs. Instead of commission being paid by the VCT, a fee will usually be agreed between the Intermediary and Investor for the advice ("Adviser Charge"). This fee can either be paid directly by the Investor to the Intermediaries or be facilitated by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form (see Box 10). The Investor will be issued fewer B Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out below. Commission is permitted to be paid to Intermediaries in certain limited situations, such as in respect of execution only clients (where no advice or personal recommendation has been provided). The level of the Promoter's Fee reflects whether or not commission is payable. The Company reserves the right to agree trail commission with Intermediaries on an individual basis which is indirectly paid out of Oakley's annual management fees through a corresponding reduction in those management fees. Payment of the trail commission is Oakley's responsibility.

Summary continued

Element	Disclosure requirement	Disclosure
E.3 continued	Terms and conditions of the Offer continued	Promoter's Fee (no Adviser commission payable) Oakley will charge a Promoter's Fee of 2% of the monies subscribed, where it is not required to pay commission to an Intermediary. Promoter's Fee (Adviser commission payable) Oakley will charge a Promoter's Fee of 5% of the monies subscribed, where it is required to pay commission to an Intermediary. Out of its Promoter's Fees, Oakley (not the Investor) will be responsible for paying all the costs of the Offers, including initial and trail commission to Intermediaries (where applicable) and any commission payable to Kin Capital. Pricing of the Offer The number of B Ordinary Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole B Ordinary Share): $\text{Number of B Ordinary Shares} = \frac{\text{Amount subscribed less (i) Promoter's Fee and (ii) Adviser Charge}}{\text{Latest published NAV per B Ordinary Share}}$ The Offer is conditional on the shareholder resolutions to be proposed at the general meeting on 3 December 2015 being passed.
E.4	Material interests	Not applicable. No interest is material to the Offer.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the securities as part of the Offer and there are no lock-up agreements.
E.6	Dilution	On the basis of full subscription under Offer of £25 million, including full utilisation of the over allotment facility at an Offer Price of 105p per B Ordinary Share, the B Ordinary Shares in issue will be diluted by 80.35%. There will be no dilution of the Ordinary Shares in issue.
E.7	Expenses charged to the Investor	Applications received through execution only intermediaries and directly from applicants The expenses charged to the Investor under the Offer are 5% of gross funds raised for the Company in respect of applications received through execution only brokers or Intermediaries not offering financial advice. Applications received from existing shareholders and through intermediaries offering financial advice The expenses charged to the Investor under the Offer are 2% of gross funds raised for the Company in respect of applications received directly from existing shareholders and through intermediaries offering financial advice.

Risk Factors

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

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

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

Risks associated with holding shares in a VCT

- The B Ordinary Shares will usually trade at a discount to their underlying net asset value. The value of an investment in the Company depends on the performance of its underlying assets and that value and the income derived from the investment may go down as well as up and an Investor may not get back the amount invested.
- Although the B Ordinary Shares to be issued under the Offer will be listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid and there may be a limited market in the B Ordinary Shares primarily because the initial tax relief is only available to those subscribing for newly issued B Ordinary Shares 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 maintain full VCT status. If the Company loses its approval as a VCT before Investors have held their B Ordinary Shares for five years, the 30% income tax relief obtained will have to be repaid by such investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company, and in addition, a liability to capital gains tax may arise on any subsequent disposal of B Ordinary Shares.
- Where full approval as a VCT is not maintained, any dividends previously paid to holders of B Ordinary Shares will be liable to be assessed to income tax in the year in which they were paid. Interest may also be due. The Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the B Ordinary Shares may be suspended until such time as the Company has published proposals to continue as a VCT or be wound up.
- The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. Levels and bases of, and relief from taxation are subject to change. Such change could be retrospective. The value of tax reliefs depends on the personal circumstances of holders of shares, who should consult their own tax advisers before making any investment.
- An investment in the Company should be regarded as long-term in nature as a sale by Investors of their Shares within five years will require a repayment of the 30% income tax relief obtained and is, therefore, not suitable for all individuals. Potential Investors should consult their professional advisers prior to making any investment decision in relation to the Offer.
- The rules in relation to VCT qualification were amended with effect from 6 April 2014 to restrict the ability of VCTs to return amounts subscribed as capital to shareholders within three years of the end of the accounting period in which the funds were raised. It will therefore not be possible until the end of that time period to utilise amounts of share premium resulting from the B Ordinary Share issue in the same way as amounts of share premium were converted into a Special Reserve available for distributions and share buy backs following completion of the court approval procedure in respect of the previous Ordinary Share issue. Since the share premium resulting from the B Ordinary Share issue will not be available until the end of the relevant three year period, this may in the future impact on the Company's ability to pay dividends and/or buy back B Ordinary Shares, or the amount thereof, since during the period where share premium in respect of shares issued post 6 April 2014 cannot be used, only the existing Special Reserve and distributable reserves created through investment activities will be utilised for these purposes (and such reserves resulting from investment activities may possibly take time to accumulate to a level where they can be used for such purposes). It should be noted however that the amount in the Special Reserve is significant (£15.4 million as at the date of this document) and it is, therefore, likely that it will

Risk Factors continued

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.

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

Risks associated with the likely underlying investments

- Smaller unquoted companies, usually with limited trading records, requiring venture capital, frequently experience significant change. Investments in such companies carry substantially higher risks than would an investment in larger or longer-established businesses.
- Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in the main market. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Proper information for determining their value or the risks to which they are exposed may also not be available.
- Valuations of unquoted companies are determined by the Directors within IPEVC guidelines. However, these valuation policies take account of stock market price earning ratios for the relevant industry sectors, discounted for non-marketability, and, therefore, the valuation of the portfolio and opportunities for realisation depend on stock market conditions.
- The Company's investments may be difficult to realise. There may also be constraints imposed on the realisation of investments by reason of the need to maintain the tax status of the Company.
- The Company may make investments into companies with similar trading profiles and with exposures in the same industry and/or to the same customer base. The level of returns to the Company may, therefore, be adversely affected by any downturn in those sectors or the sources within those sectors from which income is derived.
- The Company does not intend to invest in a large number of Qualifying or Non-Qualifying Investments, instead concentrating on a limited number of Qualifying or Non-Qualifying Investments but at the same time ensuring that no one investment represents more than 15% (by value and at the date of investment) of its total investments. By concentrating on a smaller number of Qualifying and Non-Qualifying Investments, risk is not spread as widely but is more concentrated between a smaller number of Qualifying and Non-Qualifying Investments.
- Although the Company expects to receive certain conventional venture capital rights in connection with its unquoted investments, as a minority investor it will not control the companies in which it invests (or their boards of directors) and may not always be in a position to fully protect its interests.
- Businesses in which the Company invests may incur unplanned costs and delays as a result of statutory and regulatory requirements in areas such as labour and health and safety, or where construction operations do not proceed as planned, which may prevent them from fulfilling their business plans and reduce the level of returns to the Company.
- The level of returns from investments may be reduced if there are delays in the investment programme, such that part of the net proceeds of the Offer are held in cash or cash-based similar liquid investments for longer than anticipated, or if the investments cannot be realised at the expected time and values.
- In the July 2015 Summer Budget new conditions were announced that are expected to become effective from Royal Assent in November 2015 (this is subject to State Aid approval from the EU commission). This introduced a maximum age limit for companies receiving VCT investments (generally seven years from first commercial sale) and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for Knowledge Intensive Companies). There will be further restrictions on the use of VCT funds received by investee companies. However, it is not anticipated that these changes will affect opportunities for investment, or follow-on investments in companies already in the Company's portfolio.

Risk Factors continued

Risks associated with the Manager and Conflicts of Interest

- The past performance of members of the Management Team is no indication of future performance.
- The Manager will provide discretionary and advisory investment management services to the Company in respect of its portfolio of investments. If the Manager does not perform its obligations in accordance with the agreement regulating the provision of these services, the performance of the Company and/or its ability to achieve or maintain VCT status, may be adversely affected.
- The Manager, or any of its officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an 'Interested Party') may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. An Interested Party will not be liable to account for any profit made in connection with these activities. For example, and without limitation, an Interested Party may:
 - (a) deal or invest in any investment, whether or not for its own account and notwithstanding that similar investments may be held by the Company;
 - (b) enter into or be interested in any financial or other transaction with any entity any of whose securities are held by or for the account of the Company;
 - (c) allocate investment opportunities among the funds and accounts it manages in accordance with its internal policies;
 - (d) arrange for the Company to acquire investments from or dispose of investments to any Interested Party or any investment fund or account advised or managed by any such person.

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

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

Risks associated with Exposure to Non-Qualifying Investments

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

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

Risks associated with Certain Non-Qualifying Investments

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

- Investments in the other funds may involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested. The underlying funds may pursue speculative investment policies. These underlying funds will generally fall in the category commonly known as "hedge funds" or "alternative investments". Some investments may also be made in funds which trade in commodities futures and options, currencies and currency contracts or financial instruments. All the aforementioned investments carry a

Risk Factors continued

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

Risks associated with there being two share classes

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

Expected Timetable for the Offer

Offer opens	29 October 2015
Deadline for receipt of applications for final allotment in 2015/16 Offer	12.00 p.m. on 5 April 2016
Initial Deadline for receipt of applications for final allotment in 2016/17 Offer	5.00 p.m. on 29 April 2016
First allotment	On or before 5 April 2016

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

The deadline for receipt of applications is subject to the Offer not being fully subscribed by an earlier date. The closing date of the Offer, and the deadline for receipt of applications for the final allotment in the 2016/17 tax year, may be extended by

the Directors at their absolute discretion to a date no later than 14 October 2016. The Directors reserve the right to allot and issue Shares at any time whilst the Offer remains open. Definitive share and tax certificates will be despatched and CREST accounts credited as soon as practicable following allotment of Shares. The Offer is not underwritten.

Offer Statistics

Offer Price per B Ordinary Share	See Part 7
Issue costs per B Ordinary Share	See page 51
Expected maximum net proceeds of the Offer if the over-allotment facility is utilised*	£24,500,000
Expected maximum net proceeds of the Offer if the over-allotment facility is not utilised*	£14,700,000
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is utilised**	29,696,658
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is not utilised**	20,152,443

* assuming an Offer Price of 105p per B Ordinary Share

** assumes Promoter Fee of 2% paid on all subscriptions

Information relating to the Company

Directors (all non-executive)

Jonathan Simon Djanogly (Chairman)

Laurence Charles Neil Blackall

Peter Adam Daiches Dubens

all of Registered Office at

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Sponsor

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Joint Promoters

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Kin Capital Limited

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Manager

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NW1 2EP

Chairman's Letter

Dear Investor,

I am pleased to announce that Pembroke VCT plc has launched a new share offer to raise up to £15 million. After having raised just under £24 million since 2013, Pembroke has invested £19.0 million in 23 companies. The Board is pleased with performance to date and whilst it is still relatively early days, we have been impressed with the Manager's approach and the current health of the portfolio. The additional cash will allow the Company to grow its existing portfolio of investments and take advantage of the healthy pipeline of deals.

Existing Portfolio of Investments

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

VCT Regulatory Changes

In the Summer Budget 2015, the Chancellor proposed a number of changes to the VCT Rules which will restrict the types of companies that VCTs can invest in. Assuming these changes go ahead as planned, many VCT managers will struggle to deploy capital in the way they have done before. The Board are confident that the Manager is well placed in the VCT industry to cope with these changes. The investment strategy will not be materially affected, as it predominantly focuses on providing development capital to high growth opportunities rather than 'management buy-out' transactions and later stage businesses. Of the current portfolio, 87% of investments would have qualified, if the proposed regulatory changes were applied retrospectively. For Pembroke VCT it is 'business as usual'.

Investment Strategy

The Company's objective remains unchanged; Pembroke provides investors with access to a private equity style investment strategy focusing on the consumer and retail segment. Pembroke will continue to invest in a diversified portfolio of smaller unquoted companies, with a preference for companies that are producing profits, as opposed to pre-profit or pre-revenue. The object is to generate significant returns, whilst enabling Investors to benefit from substantial tax benefits.

Pembroke seeks opportunities which are capable of significant organic growth and sustainable cash generation. The Company benefits from the same investment strategy already pursued and successfully implemented by Peter Dubens at Oakley Capital since 2002. A key feature of this strategy is an investment bias towards consumer-facing businesses which have an established brand or with the potential to develop their brand.

The B Ordinary Shares will target an annual dividend of 3p per Share from 2016/17.

Tax Advantages

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

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

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

Jonathan Djanogly
Chairman

Part 1 – Overview

Investment Strategy for the B Ordinary Share Pool

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

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

Tax Benefits

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

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

Example (excluding the costs of the Offer)

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

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

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

The Company proposes to raise subscriptions from Investors through both a 2015/16 Offer and the 2016/17 Offer. Investors will be able to subscribe for shares both before and after the end of the current tax year (5 April 2016) in order to take advantage of the tax reliefs available in each tax year. This also means that individual Investors will be able to invest a maximum of £400,000 in the Company, utilising their income tax relief for two tax years (and spouses each have individual entitlements and so might together double that amount).

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

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

Part 1 – Overview continued

Deal Flow

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

Exit

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

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

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

Substantial Directors' Commitment

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



Part 1 – Investment Activity and Performance

The Management Team's investment activity up to the date of this document and performance up to 30 September 2015 is summarised below.

The Management Team has developed a consistent track record of investing in small companies, targeting businesses capable of significant organic growth. The table below shows this performance split between those investments made prior to the establishment of the Company and those made by the Company. In total, the team has invested £19.0 million and has generated a total fair value, including unrealised investments, of £22.9 million (source: unaudited figures provided by the Manager*).

The Pembroke Portfolio

Pembroke has made a total of 23 investments up to 30 September 2015 which is also the date of the last unaudited accounts.

In total, £19.0 million has been invested at 30 September 2015 split between £15.7 million in the Ordinary Share and £3.3 million in the B Ordinary Share, with an average holding period of 21 months and 4 months respectively (see table below). Approximately half of the investments (by value) made to date are in businesses which are now trading profitably at the operating profit level.

All investments in the Ordinary Share portfolio have been held for over twelve months and, therefore, have been revalued at fair value either based on the most recent follow-on investment rounds or on valuation multiples applied to trading performance. In summary, £19.0 million has been invested at cost which is split £15.7 million between the Ordinary Share Pool and £3.3 million in the B Ordinary Share Pool. The Ordinary Share equity investments have increased in valuation to £20.0 million representing an overall unrealised "money multiple" of 1.3x and an unrealised and unaudited IRR of 14.9% to 30 September 2015 (source: unaudited figures provided by the Manager*). As all of the investments in the B Ordinary Share portfolio have been held for less than twelve months they have been valued at cost with the exception of Five Guys for which the equity component has been revalued (please see Investment Review below for further details).

The pre-Pembroke Small Company Portfolio

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

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

The remaining three investments are currently valued at £10.9 million against an aggregate acquisition cost of £6.9 million (source: unaudited figures provided by the Manager*).

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

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

*See paragraph 6.21 of Part 4

Part 1 – Investment Activity and Performance continued

Summary of Pembroke and pre-Pembroke investment performance

Name	Holding period (months)	Total invested (cost) £	Equity (cost) £	Debt (cost) £	Equity ¹ fair value £	Debt (inc. accrued interest) £	Return ² on investment	IRR ²
Pembroke Ordinary Share portfolio	21	15,658,409	11,356,033	4,302,376	14,934,647	5,077,469	1.3x	14.9%
Pembroke B Ordinary Share portfolio	4	3,325,167	1,734,093	1,591,073	2,023,835	1,621,025	1.1x	35.9%
Pre-Pembroke small company	71	8,741,027	8,741,027	–	17,624,944	–	2.0x	15.7%
		27,724,603	21,831,153	5,893,449	34,583,427	6,698,494		

Pembroke Ordinary Share portfolio (as at 30.09.15)

Name	Date invested	Holding period (months)	Total invested (cost) £	Equity (cost) £	Debt (cost) £	Equity ¹ fair value £	Debt (inc. accrued interest) £	Investment status	Return ² on investment	IRR ²
Health & Fitness										
Boom Cycle	Apr 13	29	429,460	429,460	–	429,460	–	Current	1.0x	0.0%
KX Gym	Sep 13	24	700,000	700,000	–	623,092	–	Current	0.9x	-6.0%
Plenish	Jun 13	27	325,000	225,000	100,000	1,292,664	102,995	Current	4.3x	116.0%
Dilly & Wolf	Oct 13	23	270,000	170,000	100,000	170,000	113,184	Current	1.0x	0.0%
Hospitality										
Chilango	Nov 13	23	549,850	549,850	–	695,040	–	Current	1.3x	13.0%
Five Guys UK	Aug 13	26	1,512,800	424	1,512,376	1,682,908	1,759,449	Current	2.3x	46.0%
La Bottega	Aug 13	26	1,960,000	960,000	1,000,000	616,682	1,355,109	Current	1.0x	0.0%
Chucs Bar & Grill	Oct 13	23	614,278	264,278	350,000	472,221	405,742	Current	1.4x	20.0%
Second Home	Mar 14	19	525,074	525,074	–	833,349	–	Current	1.6x	35.0%
Sourced Market	Jun 14	16	830,000	830,000	–	1,061,226	–	Current	1.3x	21.0%
Apparel & Accessories										
Kat Maconie	Jun 13	27	320,000	320,000	–	711,236	–	Current	2.2x	42.0%
Troubadour	Sep 13	24	590,000	590,000	–	1,106,265	–	Current	1.9x	37.0%
Bella Freud	Nov 13	22	350,000	250,000	100,000	833,333	106,417	Current	2.7x	71.0%
Bella Freud Perfume	Apr 14	18	240,000	90,000	150,000	90,000	158,679	Current	1.0x	2.0%
Chucs	Dec 13	21	990,039	650,039	340,000	–	366,486	Current	0.4x	-43.0%
Penfield	Jul 14	14	614,400	364,400	250,000	275,060	273,507	Current	0.9x	-9.0%
Media & Technology										
Boat International	Jan 14	21	2,100,000	1,700,000	400,000	1,700,000	435,901	Current	1.0x	-1.0%
Rated People	Jan 14	20	585,738	585,738	–	139,790	–	Current	0.2x	-57.0%
Zenos Cars	Mar 14	19	500,000	500,000	–	550,550	–	Current	1.1x	6.0%
Blaze	Oct 14	12	200,000	200,000	–	200,000	–	Current	1.0x	0.0%
Stillking Films	Oct 14	11	1,451,771	1,451,771	–	1,451,771	–	Current	1.0x	0.0%
Total		21	15,658,410	11,356,034	4,302,376	14,934,647	5,077,469		1.3x	14.9%

Part 1 – Investment Activity and Performance continued

Pembroke B Ordinary Share portfolio (as at 30.09.15)

Name	Date invested	Holding period (months)	Total invested (cost) £	Equity (cost) £	Debt (cost) £	Equity fair value £	Debt (inc. accrued interest) £	Investment status	Return on investment	IRR
Health & Fitness										
Plenish	Jul 15	3	250,000	250,000	–	250,000	–	Current	1.0x	0.0%
Dilly & Wolf	Jul 15	3	100,000	100,000	–	100,000	–	Current	1.0x	0.0%
Hospitality										
Second Home	Apr 15	5	510,034	210,034	300,000	210,034	300,328	Current	1.0x	0.0%
Chucs Bar & Grill	Jun 15	3	125,000	125,000	–	125,000	–	Current	1.0x	0.0%
La Bottega	Aug 15	1	250,000	–	250,000	–	252,808	Current	1.0x	10.0%
Five Guys UK	Sep 15	0	570,400	143,727	426,673	433,469	428,173	Current	1.5x	n/a
Apparel & Accessories										
Penfield	Apr 15	5	324,733	210,333	114,400	210,333	118,838	Current	1.0x	3.0%
cheekfrills	May 15	4	205,000	205,000	–	205,000	–	Current	1.0x	0.0%
ME+EM	Aug 15	2	200,000	200,000	–	200,000	–	Current	1.0x	0.0%
Media & Technology										
Blaze	Feb 15	8	290,000	290,000	–	290,000	–	Current	1.0x	0.0%
Boat International	May 15	4	500,000	–	500,000	–	520,878	Current	1.0x	13.0%
Total		4	3,325,167	1,734,094	1,591,073	2,023,836	1,621,025		1.1x	35.9%

¹Fair value is unaudited and is shown either as revalued at 30 September 2015 or (in the case of later investments or follow-on investments since that date) at cost.

²Return on investment and IRR are based on equity only, and assume that where investment is made in tranches all of the committed investment is assumed to be made on the date of the first tranche. Where a follow-on is made (i.e. outside of original commitment), this is done at the new investment date.

Part 1 – Investment Activity and Performance continued

Pre-Pembroke small company investment portfolio

Name	Date invested	Holding period (months)	Total invested (cost) £	Invested to 30.09.15 £	Fair value 30.09.15 £	Investment status	Return on investment	IRR
Health & Fitness								
KX Gym	Dec 04	130	1,336,887	1,336,887	5,194,790	Current	3.9x	13.0%
Hospitality								
Tom Aikens	Oct 08	29	388,361	388,361	1,659,573	Exited	4.3x	82.0%
Apparel & Accessories								
Penfield	May 06	113	1,664,207	1,664,207	1,777,424	Current	1.1x	1.0%
James Perse	Oct 11	48	3,927,504	3,927,504	3,927,504	Current	1.0x	0.0%
Jemma Kidd	Apr 07	62	276,693	276,693	–	Closed	0.0x	0.0%
Media & Technology								
Humyo.com	May 07	37	1,043,175	1,043,175	5,065,653	Exited	4.9x	110.0%
Keboko	Nov 10	6	104,200	104,200	–	Closed	0.0x	0.0%
Total		71	8,741,027	8,741,027	17,624,944		2.0x	15.7%

1. Date of initial investment, total invested by investors and investor returns in each case refer only to those investments made by members of the Oakley team or by contacts of Oakley into the specified companies. Investments by company founders or by members introduced by founders (and, therefore, not by Oakley team members or contacts) are disregarded for the purposes of this table and in the calculation of any figures relating to the above referred to elsewhere in this document.
2. Humyo.com was sold in June 2010, and the proceeds of sale, including deferred consideration, were subsequently distributed to investors, as reflected in the table.
3. Tom Aikens was sold in March 2011 with cash on completion. This was distributed to investors, as reflected in the table.
4. Jemma Kidd was put into administration in September 2012 and Keboko has been closed with a total loss of both investments.
5. James Perse is an investment where the Oakley team and contacts own 100% of the company (through EIS qualifying holdings). The business is being valued at cost.
6. Penfield is a current investment which has been assessed at fair value. This valuation is based on the most recent funding round in July 2015.
7. KX is also a current investment which has been assessed at fair value. Enterprise value is based on 8.7x unaudited LTM August 2015 EBITDA which has been derived from the mean of historic EBITDA transaction multiples for UK companies which have been acquired in the health fitness industry.
8. All the above figures are unaudited and have been provided by the Manager (see responsibility statement at paragraph 6.21 of Part 4 of this document).

Part 1 – Management Team

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

Peter Dubens

Managing Partner and Co-Founder of Oakley

Peter is an entrepreneur, best known for founding the Oakley Capital Group, a privately owned asset management and advisory group comprising private equity, venture capital, corporate finance and capital introduction operations, managing over US\$1.1 billion.

Oakley Capital Private Equity invests in and supports the continued growth and development of some of Europe's leading companies, including the global multimedia platform TimeOut; the iconic sailing brand, North Sails; and Facile, Italy's leading price comparison website. Oakley Capital currently advises Oakley Fund 1 (€287 million), Oakley Fund II (€524 million) and will have a first close for Fund III in November 2015 (anticipate €750 million) generating strong returns for its Limited Partners as well as Oakley Capital Investments Limited, a London, AIM-listed investment vehicle that invests in Oakley's private equity funds.

Peter is also the founding partner of PROfounders Capital a venture capital fund for entrepreneurs powered by entrepreneurs who invest in and support new businesses in the mobile, internet and technology space with capital, proactive advice and expertise in order to create long-term value and promote entrepreneurship.

Peter has been a consistent supporter of smaller entrepreneurial endeavours through both Pembroke VCT and personal investments. Oakley established Pembroke in 2013 to support the development of smaller, early stage high growth businesses. Peter has a particular focus on deal origination in relation to the Company.

Andrew Wolfson

Managing Director

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

Stewart Porter

Chief Operating Officer

Stewart was previously a founder and CFO of Pipex Communications plc and was instrumental in the development of the Pipex group between 2000 and 2009. During this period Pipex was grown from a start-up to a business with over £400 million of revenues, predominantly through a series of 14 acquisitions. Stewart oversaw the successful disposal of Pipex; the broadband division being sold to Tiscali for £210 million and the hosting division to private equity for £120 million. Prior to Pipex, Stewart spent eight years in Cable & Wireless in a number of senior financial positions and subsequently was closely involved with a number of telecommunications start-ups around Europe. Stewart is a Chartered Accountant and trained with Ernst & Young.

Part 1 – Management Team continued

Tristan Manuel

Senior Investment Associate

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

Jadis Tillery

Group Digital Director

Jadis joined the Oakley Capital Group as Group Digital Director in April 2014 following her role as an advisor to the group. From outdoor events for 65,000+ in Central London, to an industry award winning Facebook first that broke new ground in live content marketing, through a celebrity fronted broadcast. Jadis has experienced all aspects of in the marketing mix over her 15 year career. After success as a Director of Social Media Jadis set up her consultancy to continue to empower clients without the overheads and she brings this thinking to her role within Oakley Capital. Jadis has been a trusted strategist and trusted advisor to celebrities, luxury brands, media outlets, producers and charities. Jadis' no nonsense approach has made her a regular speaker at industry conferences globally. She is also a TV pundit and guest lecturer at leading UK universities.

Tamara Warren

Executive Team Assistant

Tamara joined the Oakley Capital Group in 2014 as Executive Team Assistant to Pembroke VCT. Tamara graduated from Oxford Brookes University in July 2012 with Upper Second Class Honours in Business and Marketing Management. Previously she worked as a Private Personal Assistant and a BAA Buyer for Ralph Lauren menswear.

Jay Jamnadas

Legal Counsel

Jay joined the Oakley Capital Group in March 2011. Prior to joining Oakley Capital, Jay was a lawyer at City firm Allen & Overy LLP for four years. Having specialised in corporate tax, Jay has advised a number of large corporates and international banks on a variety of transactions, including mergers and acquisitions, financing, debt capital market issuances, retail investment products and tax structured finance. Jay read law at Cambridge University and trained with Allen & Overy LLP in London and Paris, qualifying as a solicitor in 2009.

Sasha Haworth

Compliance Associate

Sasha joined the Oakley Capital Group as Compliance Assistant in April 2013. Sasha completed both the Graduate Diploma in Law and the Legal Practice Course after graduating from the University of Bristol in 2009 where she studied Social Policy. Prior to joining Oakley, Sasha worked as a Paralegal at Berwin Leighton Paisner in the Litigation department.

Viktor Babic

Head of IT

Viktor joined the Oakley Capital Group in January 2008. He came to Oakley from Pipex Communications Plc., where as a Group Head of IT, he was responsible for operation, integration and consolidation of back-office systems and acquired IT departments throughout all the acquisitions that Pipex Group completed between 2002 and 2007. In his IT career he holds Cisco, Microsoft and ITIL certifications.

Sandra Garvey

Finance Manager

Sandra joined the Oakley Capital Group in 2008, joining from the Group Internal Audit function at Aviva. Sandra started her accountancy career at a small independent firm, Griffin Chapman, before moving to PKF. At PKF, she worked with a variety of individual and corporate clients in Business Services and External Audit, whilst also studying for her ACA qualification. Following qualification, Sandra moved to Aviva to pursue a career outside of practise.

Part 1 – Board of Directors

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

Jonathan Djanogly

Independent non-executive Chairman

Jonathan is a non-practising solicitor and was, for over ten years, a corporate partner at City law firm SJ Berwin LLP. He specialised in mergers and acquisitions, private equity and joint ventures as well as fund raising on public markets. Jonathan has been a Member of Parliament since 2001, in which capacity he served for approximately four years as a Member of the Trade and Industry Select Committee. Between 2005 and 2010, he also served on the Opposition front bench as shadow Solicitor General and as a shadow Minister for Trade and Industry with responsibility for employment law and corporate governance. From 2010 Jonathan served as a Justice Minister for over two years and from 2013 to 2015 he has been a consultant at international law firm, King & Wood Mallesons.

Laurence Blackall

Independent non-executive Director

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

Peter Dubens

Non-independent non-executive Director

Peter is an entrepreneur, best known for founding the Oakley Capital Group, a privately owned asset management and advisory group comprising private equity, venture capital, corporate finance and capital introduction operations, managing over US\$1.1 billion.

Oakley Capital Private Equity invests in and supports the continued growth and development of some of Europe's leading companies, including the global multimedia platform TimeOut; the iconic sailing brand, North Sails; and Facile, Italy's leading price comparison website. Oakley Capital currently advises Oakley Fund 1 (€287 million), Oakley Fund II (€524 million) and will have a first close for Fund III in November 2015 (anticipate €750 million) generating strong returns for its Limited Partners as well as Oakley Capital Investments Limited, a London, AIM-listed investment vehicle that invests in Oakley's private equity funds.

Peter is also the founding partner of PROfounders Capital a venture capital fund for entrepreneurs powered by entrepreneurs who invest in and support new businesses in the mobile, internet and technology space with capital, proactive advice and expertise in order to create long-term value and promote entrepreneurship.

Peter has been a consistent supporter of smaller entrepreneurial endeavours through both Pembroke VCT and personal investments. Oakley established Pembroke in 2013 to support the development of smaller, early stage high growth businesses. Peter has a particular focus on deal origination in relation to the Company.

The Directors have already invested £1,150,000 in the Company.

Part 1 – Investment Policy

The Ordinary Share Pool of assets is already 86% invested, The B Ordinary Share Pool of assets is 57% invested. The B Ordinary Shares do not have any rights in relation to the Ordinary Share Pool and the assets in it (and likewise the Ordinary Shares do not have any rights in relation to the B Ordinary Share Pool and the assets in it); costs and expenses which relate to both pools will be allocated between the pools as the Board or the Manager believes most appropriate which will generally be *pro rata* to the net asset value of the respective pools. The funds raised by the issue of B Ordinary Shares will be invested for the benefit of the B Ordinary Share Pool (to which the Ordinary Shares will have no economic rights under the Articles). Those funds will be invested in accordance with the Company's investment policy (and for the avoidance of doubt, assets of the Ordinary Share Pool and the B Ordinary Share Pool may be invested in the same underlying companies).

The current investment policy is set out below:

Investment Objectives

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

Investment Strategy

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

It is anticipated that, at any time, up to 30% of investments will be held in Non-Qualifying Investments, recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of

any offer will be invested in other funds, with the balance being invested in other investments which may include money market securities, gilts and cash deposits.

Asset Allocation

Qualifying Investment Portfolio

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

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

Non-Qualifying Investment Portfolio

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

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

Risk Diversification

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

In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the relevant share pool of the Company (at the time of investment) will be invested in any single company.

Part 1 – Investment Policy continued

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

In common with other VCTs, whilst the board of Directors of the Company (the “Board”) do not intend for the Company to borrow funds, the Company is entitled to do so.

Any borrowing would be subject to the aggregate principal amount outstanding at the time of borrowing not exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company’s reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).

Change in Investment Policy

Should a material change in the investment policy be deemed appropriate this will only be effected with the prior approval of Shareholders in accordance with the Listing Rules.

Part 1 – Other Information

Conflicts of Interest

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

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

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

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

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

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

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

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

Part 1 – Other Information continued

Co-Investment Policy

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

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

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

Post-Investment Management

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

As the values of underlying investments increase, the Manager will monitor opportunities for the Company to realise gains, and make tax free distributions to Shareholders. Under the Articles, the B Ordinary Shareholders have no economic rights to the assets in the Ordinary Share Pool and the Ordinary Shareholders have no economic rights over the B Ordinary

Share Pool. Therefore, returns to the B Ordinary Shareholders will depend upon both the performance of the B Ordinary Share Pool and also the overall financial position of the Company being sufficient to comply with any conditions to any distributions applied on a Company wide basis.

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

Valuation Policy

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

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

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

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

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

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

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

The calculation of the net asset value per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Part 1 – Investment Review

At the date of this document, the Company had invested in 23 investments in companies across four sectors, investing £19.0 million. Whilst this review summarises those investments made, it should be borne in mind that some of these investments are ring-fenced for the economic benefit of the Ordinary Shareholders and some are ring-fenced for the B Ordinary Shareholders. The B Ordinary Share Pool is likely to invest in follow-on investments in businesses in which the Ordinary Share Pool has invested and new opportunities which the Manager has identified.

Health and Fitness

Boom Cycle	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£429,460	£429,460*	27.2%	£40,898	£nil
B Ordinary shares	–	–	–	–	–
Total	£429,460	£429,460	27.2%	£40,898	£nil

*Valuation basis of Ordinary Shares: Cost

Boom Cycle is an indoor cycling concept which offers a fun, high-intensity cardiovascular workout. The business currently has two studios based in London (Shoreditch and Holborn), where they combine indoor spin cycling with various exercise classes for both upper and lower body work-outs. Boom Cycle is one of the first dedicated spinning studios in London, and it has the potential to replicate the success of some larger players in the US.

KX Gym	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£700,000	£623,092*	11.8%	£nil	£nil
B Ordinary shares	–	–	–	–	–
Total	£700,000	£623,092	11.8%	£nil	£nil

*Valuation basis of Ordinary Shares: EBITDA multiple

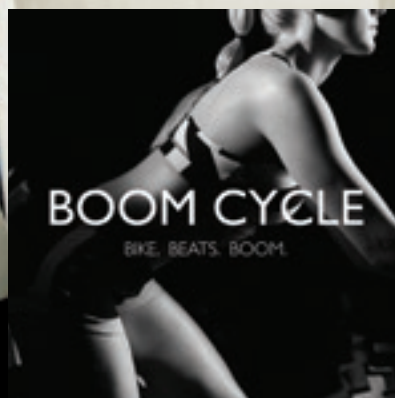
KX Gym, founded in 2002, is a private members gym and spa, which includes a restaurant and clubroom, located in Chelsea, London. KX offers members an exclusive holistic approach to wellbeing, incorporating fitness, diet and relaxation. The business has performed in-line with budget at a revenue level, however increasing staff costs have impacted profitably in 2015.

Plenish	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£325,000	£1,392,664 ¹	26.3%	£nil	£6,016
B Ordinary shares	£250,000	£250,000 ²	5.1%	£250,000	£nil
Total	£575,000	£1,642,664	31.4%	£250,000	£6,016

¹Valuation basis of Ordinary Shares: Price of recent investment ²Valuation basis of B Ordinary Shares: Cost

Plenish, founded in 2012, is one of the leading cold-pressed juicing businesses in the UK, offering 100% raw organic (unpasteurised) juice. Cold-press juicing is a convenient way to pack a large amount of vegetables and fruit into your diet. The company offers both a full body cleanse package and off-the-shelf juice bottles. The company is currently selling through two main channels: online and through select retailers (e.g. Ocado, Selfridges, Planet Organic, Harvey Nichols). The business has traded well in 2015 with strong revenue growth, and as such has launched a new funding round at a premium to fund growing working capital and new product development in 2016.

main pic: KX Gym



Boom Cycle



Plenish

Part 1 – Investment Review continued

Dilly & Wolf	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£270,000	£270,000 ¹	17.0%	£nil	£nil
B Ordinary shares	£100,000	£100,000 ²	10.0%	£100,000	£nil
Total	£370,000	£370,000	27.0%	£100,000	£nil

¹Valuation basis of Ordinary Shares: Price of recent investment ²Valuation basis of B Ordinary Shares: Cost

Founded in 2013, Dilly & Wolf is a new premium snack brand. The company produces tasty and nourishing food using globally inspired recipes such as kabuki beans, quinoa and fava beans. Their flagship products are stocked in multiple retailers including Ocado and Natural Kitchen, with plans to extend the range and launch in Marks & Spencer in Q4.

Hospitality

Chilango	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£549,850	£695,040*	3.0%	£nil	£nil
B Ordinary shares	–	–	–	–	–
Total	£549,850	£695,040	3.0%	£nil	£nil

*Valuation basis of Ordinary Shares: Price of recent investment

Chilango is a fast-casual Mexican restaurant chain concept based on successful US business models. There are currently nine restaurants in London: Upper Street, Fleet Street, Chancery Lane, London Wall, Brushfield Street, Monument, Camden, London Bridge and Leather Lane. The team raised £2 million in a crowdfunded bond in 2014 which has helped build momentum and secure further sites in London.

Five Guys UK	Cost	Valuation	Equity holding ¹	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£1,512,800	£3,195,284 ²	3.4%	£nil	£91,514
B Ordinary shares	£570,400	£860,142 ³	0.9%	£570,400	£1,500
Total	£2,083,200	£4,055,426	4.3%	£570,400	£93,014

¹Equity holding is partnership interest ²Valuation basis of Ordinary Shares: Sales multiple ³Valuation basis of B Ordinary Shares: Sales multiple

Five Guys was founded in 1986 in the US. The company serves a range of hand-made burgers made with fresh locally sourced beef and cooked on a grill, along with fresh-cut fries, served with unlimited toppings. Pembroke has invested in the UK joint venture and currently there are thirty restaurants across the UK with several more sites in the pipeline. Due to the rapid growth of the business, Pembroke has invested further capital in the form of further loans to fund expansion across the UK.

La Bottega	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£1,960,000	£1,616,682 ¹	40%	£nil	£90,740
B Ordinary shares	£250,000	£250,000 ²	0%	£250,000	£2,808
Total	£2,210,000	£1,866,682	40%	£250,000	£93,548

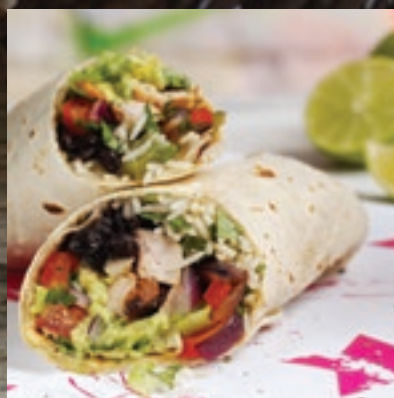
¹Valuation basis of Ordinary Shares: Sales multiple ²Valuation basis of B Ordinary Shares: Cost

La Bottega is an Italian chain of delicatessens in London, which serve high-quality, authentic Italian food and coffee. Currently, there are six shops trading in London in Chelsea, Belgravia, South Kensington, Ryder Street, Monmouth Street and Pont Street. Growing competition in the areas that La Bottega operates have negatively impacted sales. The Company is embarking on a re-design process on the flagship site to modernise and improve the layout of the store, in addition, they have now launched a new and improved menu offering a mixture of healthy and traditional Italian food.

main pic: La Bottega



Dilly & Wolf



Chilango



Five Guys UK

Part 1 – Investment Review continued

Chucs Bar & Grill	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£614,278	£822,221 ¹	21.5%	£nil	£21,058
B Ordinary shares	£125,000	£125,000 ²	5.7%	£125,000	£nil
Total	£739,278	£947,221	27.1%	£125,000	£21,058

¹Valuation basis of Ordinary Shares: Price of recent investment ²Valuation basis of B Ordinary Shares: Cost

Chucs Bar & Grill is a new restaurant concept which will reflect the same style and branding of the Chucs retail brand. The first restaurant is located on Dover Street in Mayfair, next door to the Chucs retail store, which opened in 2014. Further sites in London have been identified, with the second site planned to open in Westbourne Grove in late 2015.

Second Home	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£525,074	£833,349 ¹	4.1%	£nil	£nil
B Ordinary shares	£510,034	£510,034 ²	1.1%	£510,034	£328
Total	£1,035,108	£1,343,383	5.2%	£510,034	£328

¹Valuation basis of Ordinary Shares: Price of recent investment ²Valuation basis of B Ordinary Shares: Cost

Second Home offers flexible and modern office space for fast-growing technology firms and creative businesses. Combining architectural design with first class amenities, Second Home provides users with an impressive office environment in which to locate their business for the short, medium and long term. Their first site in Hanbury Street in East London is at full capacity and is expanding to add an additional 20,000 sq ft, utilising new equity funds raised at a premium. The team have also issued a convertible loan to fund new site expansion.

Sourced Market	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£830,000	£1,061,226*	20.7%	£nil	£nil
B Ordinary shares	–	–	–	–	–
Total	£830,000	£1,061,226	20.7%	£nil	£nil

*Valuation basis of Ordinary Shares: Sales multiple

Sourced Market, launched in 2007, is a retail, café and restaurant concept that offers a curated selection of locally sourced fresh produce replicating the products and ambience found at a farmers market. The company's flagship site is in St Pancras International in King's Cross with two further sites secured for 2015 and 2016. Strong performance at St Pancras with double-digit revenue growth in 2015 has led to an increase in valuation.

Apparel and Accessories

Kat Maconie	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£320,000	£711,236*	23.9%	£nil	£3,255
B Ordinary shares	–	–	–	–	–
Total	£320,000	£711,236	23.9%	£nil	£3,255

*Valuation basis of Ordinary Shares: Price of recent investment

Kat Maconie, founded in 2008, designs and manufactures ladies' shoes which are sold online, in department stores and in boutiques globally. As a result of the growing success of the brand in China, the licensing partner in China has invested equity capital into the business to grow Kat Maconie as a brand in the UK and internationally.



main pic: Chucs Bar & Grill



Second Home



Sourced Market



Kat Maconie

Part 1 – Investment Review continued

Troubadour	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£590,000	£1,106,265*	44.3%	£nil	£nil
B Ordinary shares	–	–	–	–	–
Total	£590,000	£1,106,265	44.3%	£nil	£nil

*Valuation basis of Ordinary Shares: Price of recent investment

Troubadour Goods is a London-based luxury men's accessories brand specialising in designing and creating superior handcrafted leather goods. The brand continues to grow and is gaining new wholesale accounts at a fast pace. As a result, the team are raising new equity capital at a premium, which is expected to close in Q4 2015.

Bella Freud	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£350,000	£933,333*	27.8%	£nil	£4,093
B Ordinary shares	–	–	–	–	–
Total	£350,000	£933,333	27.8%	£nil	£4,093

*Valuation basis of Ordinary Shares: Price of recent investment

Bella Freud is a fashion designer and manufacturer producing a range of high-end men's and women's clothing, focusing on knitwear. Currently, her products are available at her own e-commerce site and through a range of luxury boutiques and department stores in UK, Asia and US. The company has secured their first retail location in London with plans to open the flag-ship store by the end of the year. As a result of continued growth and the launch of the new store, the company is raising new equity proceeds.

Bella Freud Perfume	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£240,000	£240,000*	30.0%	£100,000	£6,608
B Ordinary shares	–	–	–	–	–
Total	£240,000	£240,000	30.0%	£100,000	£6,608

*Valuation basis of Ordinary Shares: Cost

With the continuing success of her fashion brand, Bella Freud, in co-operation with perfumer Azzi Glasser, has launched a series of fragrances with three scents blending modernity and heritage, including Je t'aime Jane, Ginsberg is God and the 1970. Bella Freud Parfum is now stocked in a range of boutiques and department stores globally. The brand is now stocked through international retailers in USA, Hong Kong, Europe and Australia.

Chucs	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£990,039	£340,000*	31.5%	£nil	£17,297
B Ordinary shares	–	–	–	–	–
Total	£990,039	£340,000	31.5%	£nil	£17,297

*Valuation basis of Ordinary Shares: Price of recent investment

Chucs is a luxury brand of men's leisure wear. Chucs is currently sold predominantly through their retail store on Dover Street, London and through a number of select stockists. The equity value has been written down entirely and the business has been re-capitalised with new equity funds from new investors. Pembroke intends to convert some of their outstanding loans into equity in the Company in Q4.

main pic: Troubadour



Bella Freud



Bella Freud Perfume



Chucs

Part 1 – Investment Review continued

Penfield	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£614,400	£525,060 ¹	4.9%	£nil	£nil
B Ordinary shares	£324,733	£324,733 ²	3.8%	£324,733	£nil
Total	£939,133	£849,793	8.7%	£324,733	£nil

¹Valuation basis of Ordinary Shares: Price of recent investment ²Valuation basis of B Ordinary Shares: Cost

Penfield is an outdoor clothing brand, founded in 1975 in Hudson Massachusetts. The brand's range now consists of highest-quality down-filled jackets, fleece, anoraks, t-shirts, shorts and accessories for both men and women. Penfield products can be purchased online and in over 30 countries globally in a range of large retailers (e.g. Urban Outfitters, J Crew, Size). The business has underperformed in comparison to budget, and as such was required to raise additional equity capital at a discount to fund working capital requirements.

cheekfrills	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	–	–	–	–	–
B Ordinary shares	£205,000	£205,000*	25.5%	£205,000	£nil
Total	£205,000	£205,000	25.5%	£205,000	£nil

*Valuation basis of B Ordinary Shares: Cost

cheekfrills, founded in 2012, is a women's underwear brand which focuses on premium everyday knickers. The company first launched with a range of knickers, and soon expanded to include other undergarments including: vests, pyjamas, bralets, robes, shorts and chemises. The cheekfrills brand is renowned for high-quality, comfortable and fun knickers with bright hues, cheeky slogans and beautiful box sets.

ME+EM	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	–	–	–	–	–
B Ordinary shares	£200,000	£200,000*	5.2%	£200,000	£nil
Total	£200,000	£200,000	5.2%	£200,000	£nil

*Valuation basis of B Ordinary Shares: Cost

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

Media and Technology

Boat International Media	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£2,100,000	£2,100,000 ¹	21.0%	£nil	£24,065
B Ordinary shares	£500,000	£500,000 ²	n/a	£500,000	£nil
Total	£2,600,000	£2,600,000	21.0%	£500,000	£24,065

¹Valuation basis of Ordinary Shares: Cost ²Valuation basis of B Ordinary Shares: Cost

Recognised as a significant worldwide media group serving the superyacht industry, Boat International Media provides information and services across traditional print, digital media and high-quality events. In 2014/15 the team re-launched the new Boat International and Show Boats magazines, and a new digital website.



main pic: Penfield



cheekfrills



ME+EM



Boat International Media

Part 1 – Investment Review continued

Rated People	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£585,738	£139,790*	3.0%	£95,760	£nil
B Ordinary shares	–	–	–	–	–
Total	£585,738	£139,790	3.0%	£95,760	£nil

*Valuation basis of Ordinary Shares: Price of recent investment

Rated People, founded in 2005, is one of the UK's leading online market places for homeowners to find tradesmen for home improvement jobs. The Company embarked on a new funding round at a significant discount in Q2 as a result of reduced revenue growth and restructured the board. The new CEO has implemented a number of cost saving initiatives, aiming to bring the company to profitability.

Zenos Cars	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£500,000	£550,550*	11.5%	£nil	£nil
B Ordinary shares	–	–	–	–	–
Total	£500,000	£550,550	11.5%	£nil	£nil

*Valuation basis of Ordinary Shares: Price of recent investment

Zenos Cars has created lightweight sports cars that provide thrilling driveability and performance at an affordable price point. Zenos is led by Mark Edwards, previously chief operating officer of Caterham cars. The first E10 sports car has successfully been produced and received excellent reviews from relevant automobile publications, with deliveries taking place in the second half of 2015.

Blaze	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£200,000	£200,000 ¹	3.0%	£nil	£nil
B Ordinary shares	£290,000	£290,000 ²	4.3%	£nil	£nil
Total	£490,000	£490,000	7.3%	£nil	£nil

¹Valuation basis of Ordinary Shares: Cost ²Valuation basis of B Ordinary Shares: Cost

Blaze designs products which enhance bike safety. Their flagship product is the Blaze Laserlight, which is the world's first and patented bike laserlight. It projects a laser image five to six metres on the ground ahead of the cyclist to let other road users know that you are there. A new product is due to be launched in 2015 with further commercial partnerships in the pipeline including one with Transport for London for the Santander Bicycle Hire scheme which is currently trialling on 250 bikes.

Stillking Films	Cost	Valuation	Equity holding	Investment in period at cost	Qualifying income recognised in period
Ordinary shares	£1,451,771	£1,451,771*	30.0%	£nil	£nil
B Ordinary shares	–	–	–	–	–
Total	£1,451,771	£1,451,771	30.0%	£nil	£nil

*Valuation basis of Ordinary Shares: Cost

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

The above cost figures and valuations are as at 30 September 2015 (or in the case of later investments or follow-on investments since that date, at cost), are unaudited and have been provided by the Manager.

main pic: Blaze



Rated People



Zenos Cars



Stilling Films

Part 1 – Case Studies

The following case studies from the Pembroke portfolio are intended to provide indicative information as to the type of investment the Manager might consider, investment structures and the rationale for the investment. The following do not represent all of the Qualifying Investments from the Company's portfolio. The valuations (which are shown either as revalued at 30 September 2015 or, in the case of later investments or follow-on investments since that date, at cost) are unaudited and provided by the Manager.



Investment date:	August 2013
Investment cost ^{1,2} :	£350,000
Equity acquired:	27.8%
Fair value at 30.09.15 ^{1,2} :	£939,750
Board seat:	Yes
Valuation uplift:	+169%

¹Ordinary share only

²Includes £100,000 of loan notes and accrued interest

Business description:

Bella Freud is a British fashion designer who produces a range of luxury women's clothing focusing on knitwear. Bella has gained cult status through her series of signature sweaters which have

words and phrases that are sewn on plain sweaters in wool or cashmere. Currently her products are available at her own online website and through a range of international retailers (e.g. Net-a-Porter, Selfridges, Isetan, 10 Corso Como).

Investment structure:

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

Investment rationale:

- Potential to leverage renowned brand and family name
- Strong fashion and celebrity following with her products often seen being worn by today's "fashionistas", including Kate Moss, Alexa Chung and Cara Delevingne

- Opportunity to develop wholesale and e-commerce

Post investment developments:

- Supported founder by developing senior management team. New hires include Lilian Bucke, COO, previously of Jaeger UK
- Launched new e-commerce website accounting for 20% of sales
- Engaged with Rainbowwave, specialist showroom, who have developed a wholesale presence for the company. The brand is now stocked in multiple retailers across Europe, Asia, US and Australasia
- Secured first flag-ship store on Chiltern Street, London due to open at the end of 2015



Investment date:	June 2013
Investment cost ^{1,2} :	£325,000
Equity acquired:	28.7%
Fair value at 30.09.15 ^{1,2} :	£1,395,659
Board seat:	Yes
Valuation uplift:	+329%

¹Ordinary share only

²Includes £100,000 of loan notes and accrued interest

Business description:

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

vegetables and fruits (e.g. kale, romaine lettuce, beetroot, cucumber, pear, melon and pineapple). The company has a range of seven juices and dairy-free nut milk, and they can be purchased in two forms: cleanse packages in 500ml bottles and individual 250ml bottles for retail consumers. The product is currently stocked in multiple retailers across the UK including Ocado, Whole Foods, Selfridges, Liberty and Waitrose.

Investment structure:

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

Investment rationale:

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

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

Post investment developments:

- Outsourced production to third-party provider
- Identified and contracted HPP (high pressure pasteurisation) contractor to increase shelf life of product without affecting taste or nutrient content
- Introduction and placement into a number of premium retail outlets (e.g. Whole Foods, Natural Kitchen) and large retailers (e.g. Ocado, Waitrose)
- Developed e-commerce offering to improve conversion and CRM

Part 1 – Case Studies continued

BOAT

Investment date:	January 2014
Investment cost ^{1,2} :	£2,100,000
Equity acquired:	21.0%
Fair value at 30.09.15 ^{1,2} :	£2,135,901
Board seat:	Yes
Valuation uplift:	+2%

¹Ordinary share only

²Includes £400,000 of loan notes and accrued interest

Business description:

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

Investment structure:

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

Investment rationale:

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

Post investment developments:

- Completed full re-design for both Boat International and Show Boats magazines which now incorporate luxury lifestyle editorial. Both magazines now have positive year-on-year revenue growth through enhanced advertising sales.
- Launched new website with improved content, functionality and user experience in March. The website is now experiencing record number of visitors in the history of the magazine
- Made a number of key hires to implement lifestyle repositioning: Luxury editor, Sacha Bonsor (previously digital editor for Harper’s Bazaar UK and editor of the Times fashion and lifestyle supplement, LUXXX); Luxury sales director, Helen Brocklebank (previously Creative solutions director for Hearst luxury titles); Group CFO, Chris Downham (previously FD at Head of Zeus Ltd and Atlantic Books Ltd)

Part 1 – The Manager, Management Arrangements and Costs

The Manager

Oakley Investment Managers LLP, which is authorised and regulated by the Financial Conduct Authority to conduct investment business, is the manager of the Company under the terms of an investment management agreement entered into on 15 February 2013, novated to the Manager on 1 July 2014 and variation on 3 October 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 acts as the Alternative Investment Fund Manager to the Company.

Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company at 2.0% of the Company’s net asset value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is therefore expected that the Annual Running Costs payable by the Company each year will be 2.0% of its net asset value. The annual management fee is payable quarterly in advance based on projected Annual Running Costs and subject to a final balancing adjustment payment either way.

Assuming full subscription of £25 million of B Ordinary Shares (with the over-allotment facility fully utilised), the Manager anticipates that the Annual Running Costs other than the annual management fee will be approximately 0.5% of net asset value. Annual Running Costs include the regular ordinary course of business running costs of the Company but do not include costs related to extraordinary events or significant discretionary corporate events and do not include any Performance Fee payable.

Performance Incentive Fees

As is customary in the venture capital industry, the Manager will receive a performance related Performance Fee when the Company has performed well and in order to ensure that the interests of the Manager and Shareholders are aligned and to provide a strong incentive to the Manager. The Performance Fee is calculated as 20% (exclusive of VAT) of any amounts distributed to Shareholders in excess of £1 per Share. The Performance Fee in relation to the return on the Ordinary Shares is subject to satisfaction of a hurdle which is that Ordinary Shareholders have received in aggregate a return equivalent to at least 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed

Part 1 – The Manager, Management Arrangements and Costs continued

per Share (100p) as from 20 January 2014 in respect of Ordinary Shares issued pursuant to the Launch Offer and from 31 March 2014 in respect of Ordinary Shares issued under the Top Up Offer. The Performance Fee in relation to the return on the B Ordinary Shares is subject to satisfaction of a hurdle which is that B Ordinary Shareholders have received in aggregate a return equivalent to at least 3% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100p) as from (i) the date of the last allotment under the offer of B Ordinary Shares on the basis of the October 2014 prospectus in respect of shares issued under that prospectus or (ii) the date of the issue of the relevant B Ordinary Shares under any subsequent offer of B Ordinary Shares, and in either case up to the date of proposed payment of the relevant Performance Incentive Fee. Where, at the time of a distribution there have been previous distributions to the relevant class of Shareholders, for the purposes of determining if the hurdle on the relevant Shares has been met, the return will be calculated from the day after the previous distribution date for the relevant Shares on the total amount subscribed per relevant Share by Shareholders but reduced by the aggregate amount of such previous distributions made on the relevant Shares on a per Share basis. The Performance Fee will be calculated separately on the Ordinary Shares and the B Ordinary Shares.

Dividend Policy

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

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

Following the payment of a 3p per Share dividend to Ordinary Shareholders last year and the recently announced intention to pay a further 0.6p dividend to Ordinary Shareholders the Directors expect the B Ordinary Shares to pay their first dividend of 3p in 2016/17.

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

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 repurchase shares which Shareholders wish to sell, at a discount of no more than 5% to net asset value per Share, less transaction costs payable to market makers and stockbrokers, subject to the following. Any purchase of Shares will be subject to authority from Shareholders, the Listing Rules, having the necessary cash resources and distributable reserves available for the purchase and the Board believing it to be in the best interests of the Company at the relevant time. Shares bought back by the Company may be cancelled or held in treasury for later sale in the market. Shares which have not been held for five years are considered for tax purposes to be a disposal and, therefore, subject to clawback by HMRC of any upfront income tax reliefs obtained on subscription. Shareholders should seek professional advice in relation to any disposal of Shares. The Company has authorities to buy back up to 14.99% of its Ordinary Shares, and up to 14.99% of its B Ordinary Shares, both taken at the 2015 annual general meeting).

Reporting to Shareholders

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

Corporate Governance

The section headed "Comply or Explain" in the UK Corporate Governance Code (the "Code") published by the Financial Reporting Council in September 2014 acknowledges that in relation to smaller listed companies some of the provisions of the Code will be disproportionate or less relevant and that externally managed investment companies typically have a board structure which may affect the relevance of certain of its provisions.

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

Part 1 – The Manager, Management Arrangements and Costs continued

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

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

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

Status of the Company

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

Taxation and HM Revenue & Customs approval

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

Life of the Fund

The Articles of Association contain provisions requiring its Directors to propose a winding-up of the Company and distribute the proceeds to investors after 31 January 2024 and that this termination may be extended by the Directors for up to three consecutive one-year periods to provide for the orderly realisation of investments. Given the proposed changes announced in the July 2015 Budget to the VCT rules and the consequent potential shortage of 'evergreen' VCTs unaffected by the new rules, the Directors intend to review whether it is in the best interest of Shareholders to extend the life of the Fund on a rolling basis.

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

Costs of the Offer

Oakley will pay all the Company's costs and expenses of or incidental to the Offer and Admission (including commission payable to Kin Capital), in return for which it shall receive the Promoter's Fee on the value of each application for B Ordinary Shares accepted by the Company.

Oakley will be paid a Promoter Fee of 2% on accepted applications under the Offer unless Applicants, that are not existing Shareholders, invest directly or through execution-only Intermediaries, in which case Oakley will be paid 5%.

Early Applications

Applications which are received and accepted as Early Applications will benefit from the Promoter Fee (as a percentage of the amount subscribed) being reduced by the amounts set out below:

- **reduction of 2% for valid applications received by 5.00 p.m. on 15 December 2015**
- **reduction of 1% for valid applications received by 5.00 p.m. on 29 January 2016**

The Company reserves the right (in consultation with the Manager and the Joint Promoters) to extend the deadline by which Applications must be received and accepted to be eligible for these reductions.

Annual Fees and Expenses

Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company (not including any performance incentive fee) at 2% of the Company's net asset value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2%. It is, therefore, expected that the Annual Running Costs payable by the Company each year will be 2% of its net asset value.

The City Partnership (UK) Limited provide certain administrative, accounting and company secretarial services to the Company for an annual fee of between £40,000 and £50,000 (plus VAT at the relevant rate) payable quarterly in advance.

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

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

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

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

Details of the Offer

It is proposed to raise in aggregate up to £25 million by means of the Offer, being the principal offer of £15 million and the over-allotment facility of a further £10 million which may be utilised at the Board's discretion where it believes it is in the best interests of the Company to do so. Subscription amounts are payable in full, by cheque or bankers' draft or electronic transfer, on subscription. The Offer will open on 29 October 2015 and it is expected to remain open until 12.00 p.m. on 5 April 2016 in relation to the 2015/16 tax year, and until 5.00 p.m. on 29 April 2016 in relation to the 2016/17 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 2016/17 Offer, may be extended by the Directors at their absolute discretion to a date no later than 14 October 2016.

Investors must ensure that any subscriptions in relation to the 2015/16 tax year are received before 12.00 p.m. on 5 April 2016 and that subscriptions in relation to the 2016/17 tax year are made by separate cheque, bank transfer or bankers' draft before the closing date of the Offer.

The Offer is not underwritten. The maximum net proceeds of the Offer, assuming full subscription and a Promoter Fee on all such subscriptions of 2% (disregarding the over-allotment facility) will be approximately £14,700,000. There is no minimum subscription. The Company will pay Oakley a Promoter's Fee on the value of accepted applications for B Ordinary Shares under the Offer.

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

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

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

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

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

The Offer Price

The Offer Price will be calculated by reference to the most recently published net asset value of the existing B Ordinary Shares as at the date of allotment, adjusted for any dividend declared (and in respect of which no adjustment has been made to that net asset value) and for the costs of the Offer (rounded up to the nearest 1 pence). For further details see Part 7 of this document.

Allotment, Dealings and Settlement

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

It is intended that an initial allotment of Shares will be made on 16 December 2015. Successful applicants will be notified by post.

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

It is expected that the admission of Shares will become effective, and that trading in those Shares will commence, within ten 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 ten 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.

Commission

Commission may be payable where there is an execution-only transaction and no advice has been provided by the Intermediary to the Investor or where the Intermediary has demonstrated to the Joint Promoters that the Investor is a professional client of the Intermediary. Commission is payable by Oakley out of the Promoter Fee. Those Intermediaries who are permitted to receive commission will receive an initial commission of up to 3% of the amount invested by their clients under the Offer. Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the B Ordinary Shares, and subject to applicable laws, regulations and FCA rules, the Company reserves the right to agree trail commission with Intermediaries on an individual basis which is indirectly paid out of Oakley's annual management fees through a corresponding reduction in those management fees. Payment of the trail commission is Oakley's responsibility.

Facilitation of Adviser Charges

Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs after 30 December 2012. Instead of commission being paid by the Company, a fee will usually be agreed between the Intermediary and Investor for the advice and related services ("Adviser Charge"). This fee can either be paid directly by the Investor to the Intermediary or, the payment of such fee may be facilitated from the Investor's funds received by the Company. Ongoing fees to Intermediaries may be facilitated by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form (see Box 10). The Investor will be issued fewer B Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula. The Adviser Charge is inclusive of VAT, if applicable.

Dividend Investment Scheme

Subject to shareholder approval at the General Meeting, the Company is proposing to adopt a dividend investment scheme ("DIS") for Investors and existing Shareholders to reinvest any cash dividends received in further Shares. Investors wishing to participate in the DIS should tick Box 7 in the Application Form in respect of their existing Shares (if any) and their B Ordinary Shares applied for and issued to them under the Offer. Existing Shareholders wishing to participate in the DIS who are not applying for Shares under the Offer should contact City Partnership (UK) Limited on 0131 243 7210 to request a DIS application form.

Summary of Offer Costs and Charges

	Advised (initial only)	Advised (initial and ongoing)	Execution only	Direct investor	Existing investor
Pembroke VCT					
Promoter's Fee:					
Normal application	2%	2%	2%	5%	2%
2% Early bird application (until 15.12.15)	0%	0%	0%	3%	0%
1% Early bird application (until 29.01.16)	1%	1%	1%	4%	1%
Initial intermediary fees:					
Advisory fees available	up to 4.5%	up to 3%	–	–	–
Commission available	–	–	up to 3%	–	–
Intermediary annual fee:					
Oakley management fee	2%	2%	2%	2%	2%
IFA Advisory fees	–	up to 0.5%	–	–	–
Execution only commission	–	–	up to 0.5%	–	–
Performance fee (above 3% per annum hurdle):					
Oakley	20%	20%	20%	20%	20%

Part 2 – Taxation Considerations for Investors

1. Individual Shareholders

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

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

A number of tax benefits are available to individuals, aged 18 or over, who invest in shares in a VCT. The tax benefits available to those individuals are different, depending on whether the individual subscribes for shares or acquires shares otherwise than by way of subscription. There is also a limit (the Qualifying Limit) on the amount which, in any tax year, an individual may invest in VCTs which will qualify for any tax benefits. The current limit is £200,000 in any one tax year. It is, therefore, possible to invest £400,000 with an investment of £200,000 before 6 April 2016 for the tax year 2015/16 and £200,000 on or after 6 April 2016 for the tax year 2016/17. Spouses have separate limits and each, therefore, has an annual limit of £200,000 meaning that together spouses may invest up to £400,000 per tax year in aggregate.

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

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

2. Qualifying Subscribers (not Qualifying Purchasers)

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

Maximum effect of initial tax relief

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

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

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

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

3. Qualifying Subscribers and Qualifying Purchasers

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

3.1 Exemption from capital gains tax

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

3.2 Exempt dividend income

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

3.3 Procedure for obtaining income tax reliefs available to Qualifying Subscribers

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

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

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

4. Loss of VCT Status

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

4.1 VCTs

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

4.2 Qualifying Subscribers

Income tax relief on investment

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

4.3 Qualifying Subscribers and Qualifying Purchasers

1. Exempt dividend income

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

2. Exemption from capital gains

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

Part 3 – Taxation of the Company

Qualifying as a VCT

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

In the July 2015 Summer Budget new qualifying conditions were announced that are expected to become effective from Royal Assent in November 2015 (this is subject to State Aid approval from the EU commission). How these conditions apply to the Company is summarised as follows:

- xi. no investment made by the Company in a company causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime;
 - xii. no investment can be made by the Company in a company whose first commercial sale was more than seven years prior to the date of investment, except where previous Risk Finance State Aid was received by the company within those seven years or where a turnover test is satisfied; and
 - xiii. no funds received from an investment into a company can be used to acquire another existing business or trade.
2. In order, however, to facilitate the launch of VCTs, there is a relaxation of some of these tests during the Company's first and, in the case of the test referred to in paragraph 1(v). above, up to the third accounting period (see below under the heading, "Approval as a VCT").

Qualifying Holdings

3. A Qualifying Holding consists of shares in, or securities of, a Qualifying Company (see below under heading "Qualifying Companies" for further details). A Qualifying Company must:
 - i. be unquoted (which will, in the case of a company which was unquoted at the time of the VCT's investment, be deemed to be the case for a further five years after the company ceases to be unquoted). Companies whose shares are traded on AIM or PLUS are treated as unquoted.
 - ii. have gross assets of £15 million or less immediately pre-investment and £16 million or less immediately post investment (in the case of companies which have Qualifying Subsidiaries (see below), the test is applied on a group basis);
 - iii. must have a permanent establishment in the UK;
 - iv. not be able to control (whether on its own or together with a connected person) any company which is not a Qualifying Subsidiary;
 - v. not be controlled by another company (on its own or together with a connected person);
 - vi. have fewer than 250 employees immediately pre-investment (500 for a Knowledge Intensive Company); and
 - vii. not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).

Part 3 – Taxation of the Company continued

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

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 and £12 million in total (£20 million for a Knowledge Intensive Company).

Qualifying Companies

4. 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).
5. For the purposes of the Qualifying Holdings test in paragraph 3(iv) above, a subsidiary will be a relevant Qualifying Subsidiary if at least 90% of its issued share capital and its voting power is directly owned by the Qualifying Company or by a wholly owned Qualifying Subsidiary. A relevant Qualifying Subsidiary can also be a wholly owned subsidiary of a 90% owned subsidiary. Certain other tests as to the distribution of the subsidiary's profits and assets on a winding-up must also be satisfied.
6. 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.
7. 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

8. 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.
9. 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.
10. 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), and 1(vii) to 1(xiii) 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) and 1(vii) to 1(xiii) under the heading, "Qualifying as a VCT" above, will continue to be satisfied in all subsequent accounting periods.
11. The Company has been granted provisional approval as a VCT effective from admission of the Ordinary Shares to the Official List and to trading on the main market of the London Stock Exchange. The Company has received provisional approval from HM Revenue & Customs that the new B Ordinary Shares will be regarded as eligible shares.

Withdrawal of approval

12. 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.
13. Where provisional approval is withdrawn, approval is deemed to have never been given. The taxation consequences of approval being deemed to have never been given are set out below under the heading "Loss of VCT status".

Part 4 – Additional Information

1. The Company

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

2. Share capital

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

Part 4 – Additional Information continued

- 2.4 The following special resolutions were passed by the Company at a general meeting held on 3 November 2014:
- 2.4.1 that a new class of B Ordinary Shares of 1p each be created having the rights and restrictions set out in the Articles, and that the Articles be adopted;
 - 2.4.2 the Directors of the Company be authorised to allot B Ordinary Shares up to an aggregate nominal value of £350,000 under the Initial B Ordinary Share Offer and a further amount of B Ordinary Shares up to an aggregate nominal amount representing 10% of the issued B Ordinary Share capital of the Company from time to time, such authority expiring on 3 February 2016 unless revoked, varied or extended by the Company in general meeting;
 - 2.4.3 that pre-emption rights in respect of the above allotments be disapplied;
 - 2.4.4 that the payment of a promoter fee by the Company to Palmer Capital LLP (“Palmer”) in relation to the Initial B Ordinary Share Offer, being a related party, is approved;
 - 2.4.5 that new performance incentive arrangements between the Company and the Manager, being a related party, in respect of the B Ordinary Shares are adopted; and
 - 2.4.6 that the Company be authorised to purchase up to 14.99% of its issued B Ordinary Shares from time to time following closing of the Initial B Ordinary Share Offer, the minimum price (excluding expenses) being £0.01 per Share, the maximum price (excluding expenses) being the higher of (i) an amount equal to 105% of the average of the middle market quotations for such class of the Company’s shares, as derived from the Daily Official List of the London Stock Exchange, for the five Business Days immediately preceding the day on which the purchase is made, and (ii) the value of a share of such class of the Company’s shares calculated on the basis of the higher of the price quoted for (1) the last independent trade of and (2) the highest current independent bid for any number of such class of the Company’s shares on the trading venue where the purchase is carried out, such authority expiring on the earlier of the annual general meeting in 2015 and the date which is 15 months after the date the resolution was passed.
- 2.5 The following resolutions were passed by the Company at its annual general meeting held on 24 September 2015:
- 2.5.1 to approve the allotment of equity securities of up to 10% of the issued Ordinary Shares and B Ordinary Shares, such authority expiring on the date of the annual general meeting in 2016 or, if earlier, 15 months after the date of the resolution;
 - 2.5.2 to disapply pre-emption rights in relation to the allotment of equity securities referred to in 2.5.1 above; and
 - 2.5.3 to authorise the Company to make market purchases of up to 14.99% of its issued Ordinary and B Ordinary Share capital from time to time, the minimum price being 1p per Share, the maximum price paid for a Share is an amount, exclusive of expenses, equal to 105% of the average of the middle market prices shown in the quotations for a Share in the Daily Official List of the London Stock Exchange for five Business Days immediately preceding the day on which that Share is purchased, such authority expiring on the earlier of the annual general meeting in 2016 and the date which is 15 months after the date the resolution was passed.
- 2.6 At a general meeting of the Company convened for 3 December 2015 the following resolutions are being put to Shareholders:
- 2.6.1 the Directors of the Company be authorised to allot B Ordinary Shares up to an aggregate nominal value of £240,000 under the Offer and further amounts up to an aggregate nominal amount representing 10% of the issued B Ordinary Share and Ordinary Share capital of the Company from time to time, such authority expiring on 2 March 2017 unless revoked, varied or extended by the Company in general meeting;
 - 2.6.2 the Company adopt a dividend investment scheme;
 - 2.6.3 the pre-emption rights in respect of the above allotments be disapplied;
 - 2.6.4 subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company at the date an order is made confirming such cancellation by the Court, be cancelled; and
 - 2.6.5 the Articles be varied.
- 2.7 On 27 November 2012, 50,000 Redeemable Preference Shares in the Company were allotted and issued to Oakley Capital Management Limited and paid up as to one quarter so as to enable the Company to obtain a certificate under section 761 of the CA 2006. The Redeemable Preference Shares were redeemed on 13 July 2013 and cancelled on 24 July 2013 by the Company out of the proceeds of the original Ordinary Share offer.
- 2.8 The Company allotted 9,071,000 Ordinary Shares at a subscription price of £1.00 per Share between 5 and 8 April 2013. The following further allotments of Ordinary Shares took place, all at a subscription price of £1.00 per share:
- 2.8.1 1,840,000 Ordinary Shares were allotted on 20 May 2013;
 - 2.8.2 1,161,000 Ordinary Shares were allotted on 21 June 2013;
 - 2.8.3 2,000,000 Ordinary Shares were allotted on 31 July 2013;

Part 4 – Additional Information continued

2.8.4 395,000 Ordinary Shares were allotted on 25 October 2013;

2.8.5 310,000 Ordinary Shares were allotted on 25 November 2013;

2.8.6 505,000 Ordinary Shares were allotted on 20 January 2014;

2.8.7 1,210,000 Ordinary Shares were allotted on 7 February 2014; and

2.8.8 1,649,200 Ordinary Shares were allotted on 31 March 2014.

Between 19 March 2015 and 29 July 2015 the Company allotted 5,836,120 B Ordinary Shares pursuant to the Initial B Ordinary Share at a price of £1.00 per Share.

- 2.9 Save as disclosed in this paragraph 2 and pursuant to the Offer, since the date of its incorporation, no share or loan capital of the Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages, or other special terms have been granted by either the Company or any subsidiary, in connection with the issue or sale of any such capital.
- 2.10 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.11 Save as disclosed in this document and pursuant to the Offer, no material issue of Shares (other than to Shareholders *pro rata* to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- 2.12 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00B89W2T50 and the SEDOL code is B89W2T5. The ISIN of the B Ordinary Shares is GB00BQVC9S79 and the SEDOL code is BQVC9S7.
- 2.13 The issued share capital of the Company is, at the date of this document, 18,141,202 Ordinary Shares and 5,836,120 B Ordinary Shares. Assuming full subscription under the Offer, full utilisation of the over-allotment facility, an Offer Price of 105p per B Ordinary Share and a Promoter Fee of 2% on all such subscriptions, the issued share capital of the Company will be 18,141,202 Ordinary Shares and 29,696,658 B Ordinary Shares.
- 2.14 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 contain provisions to the following effect:

3.2.1 Voting Rights

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

3.2.2 Rights attaching to the different share classes

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

Each Ordinary and B Ordinary share shall have one vote on a poll and the right to vote on any matter of general relevance of application to the Company. The Ordinary Shares and the B Ordinary Shares also separately carry the right to vote on matters affecting their own class.

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

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

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

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

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

3.2.3 **Transfer of Shares**

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

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

3.2.4 **Dividends**

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

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

The Ordinary Shareholders shall be entitled to dividend payments from the Ordinary Share Pool but not the B Ordinary Share Pool of assets. The B Ordinary Shareholders shall be entitled to dividend payments from the B Ordinary Share Pool but not the Ordinary Share Pool of assets.

3.2.5 **Disclosure of Interest in Shares**

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

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

3.2.6 **Distribution of Assets on Liquidation**

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

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

3.2.7 Changes in Share Capital

- 3.2.7.1 Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the CA 2006, the Company may issue shares, which are, or at the option of the Company or the holder are, liable to be redeemed.
- 3.2.7.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, sub-divide its shares or any of them into shares of smaller amounts, or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.
- 3.2.7.3 Subject to the CA 2006, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the CA 2006 (and by resolution of the holders of the shares repurchased where such shares are convertible shares), purchase its own shares.

- 3.2.8 The Articles provide for the special reserve resulting from the cancellation of the Company's share premium account in March 2014 following the initial Ordinary Share issue to be available for use in relation to dividends on and share buy backs of all share classes of the Company, including the B Ordinary Shares.

3.2.9 Variation of Rights

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

3.2.10 Directors

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

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

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

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

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

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

3.2.11 Directors' Interests

- 3.2.11.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the CA 2006, the nature of his interest.
- 3.2.11.2 Provided that he has declared his interest in accordance with paragraph 3.2.12.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.

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

- 3.2.11.3.1 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;
- 3.2.11.3.2 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;
- 3.2.11.3.3 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;
- 3.2.11.3.4 any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he does not to his knowledge hold an interest in shares representing 1% or more of any class of the equity share capital of such company or of the voting rights available to members of the company;
- 3.2.11.3.5 any proposal relating to a superannuation fund or retirement benefits scheme which either relates to both employees and directors of the Company or has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;
- 3.2.11.3.6 any proposal relating to an arrangement for the benefit of the employees of the Company or any subsidiary undertaking which does not award to any Director as such any privilege or advantage not generally awarded to the employees to whom such arrangement relates; and
- 3.2.11.3.7 any arrangement for purchasing or maintaining for any officer or auditor of the Company or any of its subsidiaries insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, breach of duty or breach of trust for which he may be guilty in relation to the Company or any of its subsidiaries of which he is a director, officer or auditor.

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

3.2.12 Remuneration of Directors

- 3.2.12.1 Subject to paragraph 3.2.13.3 below, the ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees from the Company, shall not exceed £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- 3.2.12.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.
- 3.2.12.3 The emoluments and benefits of any executive Director for his services as such shall be determined by the Directors and may be of any description, including membership of any pension or life assurance scheme for employees or their 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.

3.2.13 Retirement of Directors

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

3.2.14 **Borrowing Powers**

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

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

3.2.15 **Uncertificated Shares**

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

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

3.2.16 **General Meetings**

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

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

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

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

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

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

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

3.2.17 **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.

Part 4 – Additional Information continued

The Directors may, if they determine that it is reasonably desirable for the orderly realisation of investments by the Company, 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. With the exception of Roy Nominees Limited, which as at 28 October 2015, being the last practicable date prior to publication of the document, holds 4,059,000 Ordinary Shares and 670,000 B Ordinary Shares (being 22.4% and 11.5% of the issued Ordinary and B Ordinary share capital of the Company respectively), neither the Company nor the Directors are aware of any person who, not being a member of its administrative, management or supervisory bodies, as at the date of this document or immediately after the Offer (assuming full subscription), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or who is interested directly or indirectly in 3% or more of the issued share capital of the Company.
- 4.2 The interests of the Directors and their immediate families in the share capital of the Company, all of which are beneficial, as they are expected to be following the Offer, and of persons connected to the Directors and their immediate families and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director will be as set out below together with the percentages which such interests represent of the Shares in issue assuming that the Offer is fully subscribed (with the over-allotment facility being utilised in full), a Promoter Fee of 2% on all such subscriptions at an Offer Price of 105p per B Ordinary Share:

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	1.35
Laurence Blackall	200,000	1.1	100,000	0.34
Jonathan Djanogly	25,000	0.1	25,000	0.08

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

- 4.3 Save as disclosed above, no Director nor any person connected with any Director has any interest in the share capital or loan capital of the Company whether beneficial or non-beneficial and save as disclosed in paragraph 4.2 above, no shares in the capital of the Company are being reserved for allocation to existing shareholders or Directors.
- 4.4 The Company's major shareholders do not have different voting rights.
- 4.5 Peter Dubens is a member of Oakley and also a member of the Manager (holding a minority and majority of the membership interest respectively). As the investment manager of the Company, the Manager is a related party for the purposes of the Listing Rules of the FCA. By virtue of Oakley being an associate of Peter Dubens for the purposes of the Listing Rules, any transactions between the Manager and the Company, or Oakley and the Company are potentially related party arrangements.
- 4.6 No Director is or has since the period from the Company's incorporation been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 4.7 No loans made or guarantees granted or provided by the Company to or for the benefit of any Director are outstanding.
- 4.8 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 15 February 2013 each of which is terminable upon three months' notice given by the Company to expire at any time on or after the date 15 months from the date of the relevant letter, and which are summarised at paragraph 5.4 below. 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.

Part 4 – Additional Information continued

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

Current Directorships and partnership interests	Previous Directorships and partnership interests
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 Headland Media Limited Manoir Hotels Limited EXMS 11 Limited Pembroke VCT plc Shadeweir Inns Limited Oakley Capital Investments Limited	Avesco Group plc Blueweir Inns Limited (dissolved) Brownweir Inns Limited (dissolved) Coastal Living Limited (dissolved) Daisy Group Limited 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)
Peter Dubens 5GFR LLP Avondale Film Partnership Boat Bidco Limited Boat International Group Limited Emplane Limited Global Licensing Limited Harwood Film Partnership LLP Kizbel (Bermuda) Limited KX Café UK Limited KX Covent Garden Limited KX Group Holding Limited KX Gym UK Limited KX Holdings Limited KX Spa UK Limited KXDNA Limited NSG (Bermuda) Limited Oakley Absolute Return Limited Oakley Advisory Limited Oakley Capital (8th Floor) Limited Oakley Capital (Bermuda) Limited Oakley Capital Founder Member Limited Oakley Capital GP II Limited Oakley Capital GP Limited Oakley Capital Interests Limited	123-Reg Limited Aerofone (UK) Limited Anglia Telecom Centres Limited Broadstone Group Executive Limited CIX Holdings Limited Compulink Information Exchange Limited Daisy Communications Ltd Daisy Data Centre Solutions Limited Daisy Data Solutions Limited Daisy Digital Limited Daisy Group Limited Daisy Telecoms Limited Defries & Haim Limited (dissolved) Domovo UK Limited Donhost Limited Faultbasic Limited Freedom 4 Access Limited Freedom 4 Limited GX Networks UK Limited Helix Holdco Limited (dissolved) Host Europe Corporation Limited* Host Europe Eight Limited Host Europe Five Limited (dissolved) Host Europe Four Limited*

Part 4 – Additional Information continued

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

* In solvent liquidation

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

Part 4 – Additional Information continued

- 4.17 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors or members of the Manager.
- 4.18 None of the Directors or members of the Manager have any service contract with the Company providing for benefits upon termination of employment. See paragraph 5.4 below which refers to the Directors' Letters of Appointment.
- 4.19 The audit committee of the Company (the "Committee") comprises all of the members of the Board of Directors and shall meet at least twice a year. The Company's auditors may be required to attend such meetings. The Committee shall prepare a report each year addressed to the Shareholders for inclusion in the Company's annual report and accounts. The duties of the Committee are, *inter alia*:
- 4.19.1 to review and approve the half yearly and annual results of the Company and the statutory accounts before submission to the Board;
 - 4.19.2 to review management accounts;
 - 4.19.3 to consider the appointment of the external auditor, the level of audit fees and to discuss with the external auditor the nature and scope of the audit; and
 - 4.19.4 to consider matters of corporate governance as may generally be applicable to the Company and make recommendations to the Board in connection therewith as appropriate.

The Company does not have a remuneration committee.

5. Material Contracts

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

5.1 Launch Offer Agreement

Under the Launch Offer Agreement dated 15 February 2013 and made between the Company (1), the Directors (2), the Sponsor (3), the Original Manager (4) and Palmer (5), the Sponsor agreed to act as sponsor to the Launch Offer and Palmer 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 Palmer a commission of 2% of the aggregate value of accepted applications for Ordinary Shares received pursuant to the Launch Offer.

Palmer 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% of the gross proceeds of the Launch Offer.

Under the Launch Offer Agreement, the Manager, Palmer, 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 Palmer and £2 million for the Manager, and one year's director's fees for each Director. The Company agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Launch Offer Agreement. The Launch Offer Agreement could be terminated, *inter alia*, if any statement in the prospectus relating to the Launch Offer was untrue, any material omission from the prospectus arose or any breach of warranty occurred.

5.2 Investment Management Agreement

An agreement (the "IMA") dated 15 February 2013 and made between the Company and the Original Manager whereby the Original Manager agreed to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments. On 1 July 2014 the IMA was novated to the Manager and on 3 October 2014 the IMA was varied.

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

The Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2% of net asset value. Otherwise the Manager will receive an annual management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly in advance. The Manager is also entitled to reimbursement of expenses incurred in performing its obligations.

The Manager will also receive a performance fee (exclusive of VAT) of 20% of any amounts distributed to Shareholders in excess of £1 per Share (the “Performance Fee”). As amended by the Investment Management Agreement Amendment Agreement in paragraph 5.3 below, 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. Where, at the time of a distribution there have been previous distributions to the Ordinary Shareholders, the return will be calculated from the day after the previous distribution date on the total amount subscribed per Share by Shareholders but reduced by the aggregate amount of such previous distributions made on a per Share basis. For the purposes of calculating performance related incentive fees, account will be taken of all forms of distributions that may be made by the Company and as well as dividends, will include share buy backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received or deemed to be received by Shareholders (excluding any income tax relief on subscription).

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

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

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

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

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

5.3 Investment Management Agreement Amendment Agreement

On 3 October 2014, the Manager and the Company entered into an amendment agreement to the IMA providing the following (the “Investment Management Agreement Amendment Agreement”):

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

5.4 Directors’ Letters of Appointment

Each of the Directors has entered into an agreement with the Company dated 15 February 2013 as referred to in paragraph 4.7 above whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £20,000 and each other Director an annual fee of £15,000. Each party can terminate the relevant agreement by giving to the others at least three months’ notice in writing to expire at any time on or after the date

15 months from the respective commencement date of the letter. In respect of the last reporting period to 31 March 2015, Jonathan Djanogly received £20,000, Laurence Blackall received £15,000 and Peter Dubens received £nil.

5.5 Administration Agreement

An agreement dated 15 February 2013 (as varied on 1 October 2014) 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. The Administrator receives an annual fee of between £40,000 and £50,000 (based upon gross funds raised under the Offer) (plus VAT at the relevant rate) payable quarterly in advance and increasing annually in line with RPI.

The Administration Agreement is terminable by either party giving six months’ written notice, on or after the initial one-year period, but subject to early termination in certain circumstances.

5.6 Offer Agreement – Initial B Ordinary Share Offer

Under an Offer Agreement dated 3 October 2014 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4) and Palmer (5), the Sponsor agreed to act as sponsor to the Initial B Share Offer and Palmer undertook as agent of the Company to use its reasonable endeavours to procure subscribers under the Initial B Ordinary Share Offer. The Company is entitled to any interest earned on subscription monies prior to the allotment of Shares. Under the Initial B Ordinary Share Offer Agreement, the Company paid Palmer a commission of 2% of the aggregate value of accepted applications for Shares received pursuant to the Initial B Share Offer.

Palmer paid all costs and expenses of or incidental to the Initial B Ordinary Share Offer and Admission and the Company paid the promoter fee to Palmer. Total initial costs payable by the Company under this Offer Agreement were limited to 2% of the gross proceeds of the Initial B Ordinary Share Offer.

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

5.7 Offer Agreement – Current B Share Offer

Under an Offer Agreement dated 29 October 2015 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor has agreed to act as sponsor to the Offer and Oakley and Kin Capital have undertaken as agents of the Company to use their respective 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 Oakley a commission of either 2% or 5% of the aggregate value of accepted applications for Shares received pursuant to the Offer.

Oakley will pay all costs and expenses of or incidental to the Offer and Admission including commission payable to Kin Capital. The Company will pay a Promoter's Fee on the value of each application for B Ordinary Shares accepted by the Company. Total initial costs payable by the Company under the Offer Agreement are limited to 5% of the gross proceeds of the Offer.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital, the Company and the Directors 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 2017. 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 Oakley, £100,000 for Kin Capital and £2,000,000 (or 70% of gross funds raised under the Offer (whichever is the higher)) for the Manager and one-half year's director's fees for each Director. The Company also agreed to indemnify the Sponsor in respect of its role as Sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

6. General

- 6.1 The principal place of business and registered office of the Company is at 3 Cadogan Gate, London SW1X 0AS. The telephone number of the Company is (020) 7766 6900. The Company has no subsidiaries or associated companies.
- 6.2 There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 6.3 The Company has not, nor has it had since incorporation, any employees and it neither owns nor occupies any premises.
- 6.4 The Manager will receive management fees and other payments from the Company as described in paragraph 5 above. Oakley will receive commission payments in relation to the Offer from the Company as described in paragraph 5 above. Save as disclosed in this paragraph and in paragraph 5 above, no amount or benefit has been paid or given to any promoters and none is intended to be paid or given.
- 6.5 The Company's accounting reference date is 31 March in each year.
- 6.6 The Manager is Oakley Investment Managers LLP, which is authorised and regulated by the Financial Conduct Authority and whose principal place of business is at 3 Cadogan Gate, London SW1X 0AS. The principal legislation under which it operates is the Limited Liability Partnerships Act 2000.

Part 4 – Additional Information continued

- 6.7 The Offer Price will represent a premium over the nominal value of such Shares and is payable in full on application.
- 6.8 The Offer is not underwritten. The expenses of and incidental to the Offer and the listing of the B Ordinary Shares including registration and listing fees, printing, advertising and distribution costs, legal and accounting fees and expenses will be payable by Oakley on the terms set out in the Offer Agreement. If the maximum of £15 million is raised under the Offer (with the over-allotment facility not being utilised and a Promoter Fee of 2% on all such subscriptions) the net proceeds will amount to approximately £14,700,000. If the over-allotment facility is utilised, and the maximum of £25 million is raised, the net proceeds will amount to approximately £24,500,000.
- 6.9 Save in connection with the Offer, B Ordinary Shares have not been marketed to and are not available to the public. Market makers will be offered the opportunity to subscribe for B Ordinary Shares under the Offer.
- 6.10 Grant Thornton UK LLP has been the only auditor of the Company since its incorporation. It is registered by the Institute of Chartered Accountants in England & Wales as auditors.
- 6.11 The Company has given notice to the Registrar of Companies, pursuant to section 833 of the CA 2006, of its intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income.
- 6.12 Save for the fees paid to the Directors of the Company as detailed in paragraph 5.4 above, the fees payable for investment adviser services under the IMA, the fees payable to Palmer for its services in relation to the Launch Offer and the Top Up Offer and the Initial B Share Offer and the irrevocable and unconditional commitments to subscribe for B and Ordinary Shares for each Director, there have been no other related party transactions or fees paid by the Company during the Reporting Period, or since 30 September 2015 to the date of this document.
- 6.13 The Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least the next twelve months following the date of this document.
- 6.14 The following table shows the capitalisation for the Company as at 30 September 2015.

Shareholders' equity	£
Called up share capital	239,773
Legal reserve (share premium account)	7,260,760
Other reserves (excludes revenue reserve)	18,958,959
Total	26,459,492

There has been no material change in the capitalisation of the Company since 30 September 2015.

- 6.15 As at the date of this Prospectus the Company did not have loan capital outstanding, any other borrowings nor guaranteed, unguaranteed, secured and unsecured indebtedness, including indirect and contingent indebtedness.
- 6.16 The Company does not assume responsibility for the withholding of tax at source.
- 6.17 The Company does not intend to appoint an external custodian, and will hold the assets in the name of the Company.
- 6.18 The Company has to satisfy a number of tests to qualify as a VCT and will be subject to various rules and regulations in order to continue to qualify as a VCT, as set out in Part 3 of this document. In addition, the following restrictions are imposed upon the Company under the rules relating to admission to the Official List:
- 6.18.1 it, or any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole;
- 6.18.2 it must not invest more than 10% in aggregate, of the value of its total assets (at the time the investment is made) in other listed closed-ended investment funds except listed closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment funds; and
- 6.18.3 it must manage and invest its assets in accordance with the investment policy set out on pages 33 and 34 which contains information about the policies which it will follow relating to asset allocation, risk diversification and which includes maximum exposure.
- 6.19 Shareholders will be informed, by means of the interim and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 6.20 The Manager has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in this document in the form and context in which they are included.

Part 4 – Additional Information continued

- 6.21 The Manager accepts responsibility for the financial information contained in or referred to on pages 26 to 29 and 36 to 49 of this document, and which are referenced in this paragraph 6.21. Such information has been included, in the form and context in which it appears, with the consent of the Manager, who has authorised, and takes responsibility for, such information under rule 5.5.3(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.
- 6.22 The Offer has been sponsored by Howard Kennedy Corporate Services LLP whose offices are at No.1 London Bridge, London SE1 9BG and which is authorised and regulated by the Financial Conduct Authority. The Sponsor has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.23 The Offer is being jointly promoted by Oakley and Kin Capital. Kin Capital, whose registered office is at 259-269 Old Marylebone Road, London NW1 5RA, is an appointed representative of London & Eastern Plc which is authorised and regulated by the Financial Conduct Authority. Each of Oakley and Kin Capital 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.
- 6.24 Robertson Hare LLP is the VCT tax adviser to the Company. Robertson Hare LLP has given, and has not withdrawn, its written consent to the issue of the document with the inclusion of its name in the form and context in which it is included.
- 6.25 The issued share capital of the Company as at the date of this document is 23,977,322 Ordinary Shares and B Ordinary Shares. Assuming a full subscription of £25 million at an Offer Price of 105p per B Ordinary Share (with the over-allotment facility fully utilised and a Promoter Fee of 2% on all such subscriptions), the existing shares would represent 50% of the enlarged issued share capital of the Company.
- 6.26 As at 30 September 2015, the date to which the most recent audited financial information on the Company has been drawn up, the NAV per Ordinary Share was 114.59p and NAV per B Ordinary Share is 102.68p.
- 6.27 The information contained in this document sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render such information inaccurate or misleading. Where such information has been included in this document, the source of that information has been identified.
- 6.28 The results of the Offer will be announced through a regulatory information service within three Business Days of the closing date of the Offer.
- 6.29 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 p.m. on 29 April 2016, unless previously extended by the Directors to a date no later than 14 October 2016. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 6.30 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 6.29.
- 6.31 The maximum number of B Ordinary Shares which are the subject of this Prospectus is 23,860,538 B Ordinary Shares.

7. Financial Information

A. Introduction

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

The financial information in relation to the Company contained in the following section of this Part 4 has been extracted without material adjustment from the audited statutory accounts of the Company for the financial period commencing on the incorporation of the Company on 26 November 2012 and ending on 31 March 2014, the audited statements and accounts of the Company for the period ended 31 March 2015 and the unaudited interim accounts for the six-month period ended 30 September 2015 (the "Reporting Period"), in respect of which audited statements the Company's auditors made unqualified reports under section 495, section 496 and section 497 of the CA 2006 and which have been delivered to the Registrar of Companies and such accounts did not contain any statements under section 498 (2) or (3) of the CA 2006, as applicable.

Part 4 – Additional Information continued

B. Published Annual Report and Accounts and Interim Accounts

Historical Financial information

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

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

Such information includes the following:

Nature of information	31.03.14	31.03.15	30.09.15
Income statement	Page 33	Page 37	Pages 28-30
Reconciliation of movements in shareholders' funds	Page 36	Page 42	n/a
Statement of changes in equity	n/a	n/a	Page 37
Balance sheet	Page 34	Page 38	Page 31
Cash flow statement	Page 35	Page 40	Page 34
Accounting policies	Pages 37-38	Pages 43-44	n/a
Notes to the accounts	Pages 37-47	Pages 43-53	Pages 39-40
Independent auditor's reports	Pages 30-31	Pages 34-35	n/a

Operating and Financial Review

Nature of information	31.03.14	31.03.15	30.09.15
Chairman's statement	Page 5	Page 5	Pages 6-7
Investment Adviser's Review	Pages 8-17	Pages 8-21	Pages 8-9
Statutory Reports	Pages 19-29	Pages 23-33	Page 27

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

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

The Company and the Directors confirm that the financial statements of the Company for the periods ended 31 March 2014 and 31 March 2015 (prepared under United Kingdom Generally Accepting Accounting Practice) have been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements (which will be prepared under Financial Reporting Standard 102) having regard to accounting standards, policies and legislation applicable to such annual financial statements in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

C. No Significant Change

Since 30 September 2015 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of the Company.

Part 4 – Additional Information continued

D. Investment Portfolio of the Company

The investment portfolio of the Company as at the date of this document is as follows (the valuations being the audited valuations as at 30 September 2015 together with additions to the portfolio since that date shown at cost):

	Cost £	Revaluations £	Interest accrued £	Total £
(a) Unlisted investments				
Boom Cycle	429,460	–	–	429,460
KX Gym	700,000	(76,908)	–	623,092
Plenish	475,000	1,067,664	–	1,542,664
Dilly & Wolf	270,000	–	–	270,000
Chilango	549,850	145,190	–	695,040
Five Guys UK	144,151	1,972,226	–	2,116,377
La Bottega	960,000	(343,318)	–	616,682
Chucs Bar & Grill Limited	389,278	207,943	–	597,221
Second Homes	735,108	308,275	–	1,043,382
Sourced Market	830,000	231,226	–	1,061,226
KatMaconie	320,000	391,236	–	711,236
Troubadour	590,000	516,265	–	1,106,265
Bella freud	250,000	583,333	–	833,333
Bella Freud Perfume	90,000	–	–	90,000
Chucs	650,039	(650,039)	–	–
Penfield	574,733	(89,340)	–	485,393
Cheekfrills	205,000	–	–	205,000
ME & EM	200,000	–	–	200,000
Boat International	1,700,000	–	–	1,700,000
Rated People	585,738	(445,948)	–	139,790
Zenos Cars	500,000	50,550	–	550,550
Blaze	490,000	–	–	490,000
Stillking Films	1,451,771	–	–	1,451,771
	13,090,128	3,868,355	–	16,958,482
(b) Loan stock investments				
Plenish	100,000	–	2,995	102,995
Dilly & Wolf	100,000	–	13,184	113,184
Five Guys UK	1,939,049	–	248,573	2,187,622
La Bottega	1,250,000	–	357,918	1,607,918
Chucs Bar & Grill Limited	350,000	–	55,742	405,742
Second Homes	300,000	–	328	300,328
Bella freud	100,000	–	6,417	106,417
Bella Freud Perfume	150,000	–	8,679	158,679
Chucs	340,000	–	26,486	366,486
Penfield	364,400	–	27,945	392,345
Boat International	900,000	–	56,778	956,778
	5,893,449	–	805,045	6,698,495
Total fixed asset investments	18,983,577	3,868,355	805,045	23,656,977
Current asset investments	325,000	–	12,025	337,025
Debtors	156,045	–	–	156,045
Creditors	(297,625)	–	–	(297,625)
Cash	2,928,104	–	–	2,928,104
Total assets	22,095,101	3,868,355	817,070	26,780,526

8. Takeovers and Mergers

A. Mandatory takeover bids

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

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

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

B. Squeeze out

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

C. Sell out

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

9. Documents for Inspection

Copies of the following documents are available for inspection at the offices of Howard Kennedy Corporate Services LLP, No.1 London Bridge, London SE1 9BG, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until closing of the Offer:

- 9.1 the Articles;
- 9.2 the material contracts referred to in paragraph 5 above;
- 9.3 the documents referred to in paragraphs 6.20, 6.22 and 6.24 above;
- 9.4 the audited statutory accounts of the Company for the periods ended 31 March 2014 and 31 March 2015 and the unaudited interim accounts for the six-month period ended 30 September 2015; and
- 9.5 this document.

Dated: 29 October 2015

Part 5 – Definitions

“2015/16 Offer”	the offer for subscription of Shares under the Offer in respect of the 2015/16 tax year as described in this document
“2016/17 Offer”	the offer for subscription of Shares under the Offer in respect of the 2016/17 tax year as described in this document
“Administration Agreement”	the administration, accounting and company secretarial services agreement between the Company and The City Partnership (UK) Limited dated 15 February 2013 (as amended from time to time)
“Admission”	the admission of the Shares allotted pursuant to the Offer to the premium segment on the Official List and to trading on the London Stock Exchange’s market for listed securities
“Adviser Charge”	fee, payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in B Ordinary Shares, and detailed on the Application Form
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Annual Running Costs”	annual costs and expenses incurred by, or on behalf of, the Company in the ordinary course of its business (including those management fees payable to the Manager pursuant to the IMA – but excluding any performance incentive fees payable pursuant to that agreement – together with any irrecoverable value added tax on those annual costs and expenses)
“Applicant”	a person who makes an application whether by lodging an Application Form or otherwise in accordance with the Terms and Conditions
“Application Form”	the application form for use in respect of the Offer set out at the end of this document
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time)
“B Ordinary Share Pool”	the pool of assets and liabilities allocated to the B Ordinary Shares in accordance with the Articles
“B Ordinary Shares”	B ordinary shares of 1p each in the capital of the Company
“Board” or “Directors”	the board of directors of the Company
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“CA 2006”	Companies Act 2006 (as amended)
“Company” or “Pembroke”	Pembroke VCT plc
“Conflicts Policy”	the conflicts policy of the Manager from time to time
“DIS”	the dividend investment scheme proposed to be established on the DIS Terms and Conditions
“DIS Terms and Conditions”	the terms and conditions relating to the Dividend Investment Scheme set out in Part 8 of this document

Part 5 – Definitions continued

“Disclosure & Transparency Rules”	the disclosure and transparency rules of the FCA
“Early Application”	valid application under the Offer received on or before 5.00 p.m. on 15 December 2015 or 29 January 2016
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EEA States”	the member states of the European Economic Area
“EV”	enterprise value
“FCA”	the Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of shareholders convened by the Company for 3 December 2015 at 10.00 a.m. at 3 Cadogan Gate, London SW1X 0AS (and any adjournment thereof)
“HMRC”	Her Majesty’s Revenue & Customs
“IMA”	the investment management agreement between the Company and the Manager dated 15 February 2013 (novated to the Manager on 1 July 2014) and amended on 3 October 2014 (as amended from time to time) and as described more fully in Part 4 of this document
“Independent Board”	those members of the Board from time to time who are independent of the Manager
“Initial B Share Offer”	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 3 October 2014
“Intermediary”	firm who signs the Application Form and whose details are set out in Box 9 of the Application Form
“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”	the ISDX Growth Market on the ICAP Securities and Derivatives Exchange (which is one of the successor markets to the PLUS markets)
“ITA 2007”	Income Tax Act 2007 (as amended)
“Joint Promoters”	Oakley Capital and Kin Capital
“Kin Capital”	Kin Capital Limited, an authorised representative of London & Eastern LLP which is authorised and regulated by the FCA
“Knowledge Intensive Company”	a company satisfying the conditions in Section 331(A) of Part 6 ITA of the proposed draft legislation (these rules being subject to Royal Assent, which is expected in October 2015)
“Launch Offer”	the offer for subscription of Ordinary Shares further to a prospectus issued by the Company on 15 February 2013 and which closed on 31 January 2014

Part 5 – Definitions continued

“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 pages 30 and 31
“Manager”	Oakley Investment Managers LLP, which is authorised and regulated by the FCA
“ML Regulations”	Money Laundering Regulations 2007 (as amended)
“NAV” or “net asset value”	net asset value
“Non-Qualifying Investments”	the assets of the Company that are not Qualifying Investments
“Oakley”	Oakley Capital Limited, which is authorised and regulated by the FCA
“Oakley Group”	together Oakley, Oakley Capital Management Limited, Oakley Investment Managers LLP and their associated group of businesses from time to time
“Oakley Funds”	any funds managed by the Oakley Group from time to time
“Offer”	price per B Ordinary Share under the Offer as determined by the Pricing Formula from time to time
“Offer Price”	the subscription price for B Ordinary Shares issued under the Offer as set out in Part 7
“Official List”	the official list of the UKLA
“Ordinary Share Admission Date”	16 April 2013, being the date on which the Ordinary Shares were first listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange’s main market for listed securities
“Ordinary Share Pool”	the pool of assets and liabilities allocated to the Ordinary Shares in accordance with the Articles
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Original Manager”	Oakley Capital Management Limited
“Palmer”	Palmer Capital LLP
“Performance Fee”	the performance related incentive fee payable to the Manager as described on pages 49 and 50 of this document
“Pricing Formula”	mechanism by which the pricing of the Offer may be adjusted according to the latest published NAV, the level of the Promoter Fee and Adviser Charge, as described in Part 7
“Promoter Fee”	fee payable by the Company to Oakley, calculated as a percentage of each Applicant’s gross subscription in the Offer in return for which Oakley will pay the costs of the Offer and commission payable to Kin Capital
“Prospectus”	this document dated 29 October 2015 relating to the Offer
“Prospectus Rules”	the prospectus rules of the FCA

Part 5 – Definitions continued

“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Qualifying Investments”	shares in, or securities of, a Qualifying Company held by a VCT which meets the requirements described in chapter 4 of Part 6 ITA 2007
“Qualifying Limit”	the Investor’s subscription limit of £200,000 per tax year
“Qualifying Purchaser”	an individual who purchases Shares from an existing Shareholder and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
“Qualifying Subscriber”	an individual, aged 18 or over, who subscribes for Shares within the Qualifying Limit
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the FCA
“Reporting Period”	the period from incorporation of the Company on 26 November 2012 to 30 September 2015
“Retail Investor”	an Applicant who is not a Professional Client (as defined in section 3.5 of the FCA’s Conduct of Business Sourcebook)
“Risk Finance State Aid”	State aid received by a company as defined in Section 280B (4) of ITA
“Scheme Administrator”	The City Partnership (UK) Limited, or such other person or persons who may from time to time be appointed by the Company to administer the Dividend Investment Scheme on its behalf
“Shareholder”	a holder of Shares
“Shares”	Ordinary Shares and/or B Ordinary Shares as the context requires (and each a “Share”)
“Special Reserve”	the special distributable reserve created by the cancellation of the Company’s share premium account on 26 March 2014
“Statutes”	means every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies insofar as it applies to the Company
“Terms and Conditions”	the terms and conditions of the Offer set out in Part 6 of this Document
“Top Up Offer”	the top up offer made by the Company in 2014 following the close of the Launch Offer, and which closed on 31 March 2014
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“unquoted”	private or public companies not quoted on any market or exchange
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	Part 6 ITA 2007 and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning VCTs

Part 6 – Terms and Conditions of Application

1. In these terms and conditions of application, the expression “Prospectus” means this document dated 29 October 2015. 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 in whole or part only, or to accept any application in whole or part only. Multiple applications are permitted. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Shares than the number applied for, or if in any other circumstances there is an excess paid on application, the application monies or the balance of the amount paid or the excess paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained in a designated bank account in the name of the Receiving Agent.
3. You may pay for your application for Shares by cheque or 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 Shareholders passing all the resolutions to be proposed at the General Meeting. If this condition is not met, the Offer will be withdrawn and subscription monies will be returned to Investors at their own risk, without interest. The Offer is not underwritten.
5. By completing and delivering an Application Form, you:
 - i) offer to subscribe for the amount specified on your Application Form plus any commission waived for extra shares or any smaller sum for which such application is accepted at the Offer Price, the Prospectus, these Terms and Conditions of application and the Articles of the Company;
 - ii) acknowledge that, if your subscription is accepted, you will be allocated such number of B Ordinary Shares as determined by the Pricing Formula;
 - iii) authorise the Registrar of the Company to send a document of title for, or credit your account in respect of, the number of Shares for which your application is accepted and/or a cheque for any monies returnable, by post at your risk to your address as set out on your Application Form;
 - iv) agree that your application may not be revoked and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery of your duly completed Application Form to the Company or to your financial adviser;
 - v) warrant that your remittance will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive share certificates in respect of the Shares applied for until you make payment in cleared funds for such Shares and such payment is accepted by or on behalf of the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, the Sponsor, and the Registrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by or on behalf of the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such Shares and may issue or allot such Shares to some other person, in which case you will not be entitled to any payment in respect of such Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers’ draft accompanying your application, without interest;
 - vi) 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;
 - vii) 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;
 - viii) 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;
 - ix) 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;
 - x) 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;
 - xi) confirm that (save for advice received from your financial adviser) in making such an application you are not relying on any information and representation other than those contained in the Prospectus and you accordingly agree that no

Part 6 – Terms and Conditions of Application continued

- person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof will have any liability for any such other information or representation;
- xii) 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;
 - xiii) 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;
 - xiv) 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;
 - xv) 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;
 - xvi) confirm that you have read and complied with paragraph 6 below;
 - xvii) confirm that you have reviewed the restrictions contained in paragraph 7 below;
 - xviii) warrant that you are not under the age of 18 years;
 - xix) warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws and none of the Registrar and/or the Sponsor will infringe any laws of any such territory or jurisdiction directly or indirectly as a result of in consequence of any acceptance of your application;
 - xx) 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;
 - xxi) 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;
 - xxii) 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;
 - xxiii) 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;
 - xxiv) 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;
 - xxv) warrant that: (i) your place of birth was not the USA, (ii) you do not have a current US residence or mailing address, (iii) you do not have a current US telephone number, (iv) you do not have a standing instruction(s) to pay amounts in your bank account to a US bank account, (v) you do not have a current power of attorney or signatory authority granted to a person with a US address, and (vi) you do not have an in-care-of or hold mail address that is the sole address you have provided to us;
 - xxvi) warrant that the information contained in the Application Form is accurate; and
 - xxvii) agree that if you request that Shares are issued to you on a specific date, and such Shares are not issued on such date, that the relevant Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date.

Part 6 – Terms and Conditions of Application continued

6. No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any regulations or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application to satisfy him or herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
7. The Shares have not been and will not be registered under the Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (“the USA”). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The Investment Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address in the USA.
8. This application is addressed to the Registrar and the Sponsor. The rights and remedies of the Registrar and the Sponsor under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of the others.
9. The dates and times referred to in these Terms and Conditions of application may be altered by the Company with the agreement of the Sponsor.
10. The section headed Notes on Application Form forms part of these Terms and Conditions of application.
11. Investors should be aware of the following requirements in respect of the ML Regulations for applications of the sterling equivalent of €15,000 (for these purposes approximately £10,500, as at the date of this document), or more:
 - i) For those **who have not** previously invested in the Company, please supply either an Identity Verification Certificate from your financial intermediary or, if you do not have an adviser, one of the following:
 - a copy of your passport or driving licence certified by a bank or solicitor stating that it is a “true copy of the original and a true likeness of the client” followed by your name; and
 - a recent (no more than three months old) bank or building society statement or utility bill showing your name and address; or
 - tick the box on the Application Form consenting to the Company, or a third party acting on behalf of the Company, undertaking an online check of your identity using Veriphy, an online anti-money laundering and identity verification system.
 - ii) For those **who have** previously invested in the Company, your identity may be verified for the purposes of the ML Regulations by paying subscription monies by a cheque drawn in your name from a European Union based bank or building society. If this is not provided then you will need to go through the above procedure for those who have not previously invested in the Company.
 - iii) Your cheque or bankers’ draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited, a member of the Scottish Clearing Banks Committee or the Belfast Clearing Committee or which has arranged for its cheques or bankers’ drafts to be cleared through facilities provided for members of any of those companies or associations and must bear the appropriate sorting code in the top right hand corner. Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Third party cheques will not be accepted with the exception of building society cheques or bankers’ drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post dated cheques will not be processed until the cheque can be presented and will not be treated as being received by the Receiving Agent until that date. Cheques or bankers’ drafts will be presented for payment upon receipt. The Company reserves the right to instruct The City Partnership (UK) Limited (the “Registrar”) to seek special clearance of cheques and bankers’ drafts to allow the Company to obtain value for remittances at the earliest opportunity. If you wish to pay by electronic transfer, please use the account details provided. The right is reserved to reject any Application Form in respect of which the cheque or bankers’ draft has not been cleared on first presentation.

Part 6 – Terms and Conditions of Application continued

12. The basis of allocation will be generally on a first come, first served basis (but always subject to the absolute discretion of the Directors of the Company after consultation with Oakley). The right is reserved to reject in whole or in part and/or scale down and/or ballot any application or any part thereof including, without limitation, where applications in respect of which any verification of identity (which the Company or the Receiving Agent consider may be required for the purposes of the ML Regulations) has not been satisfactorily supplied. Dealings prior to the issue of certificates for Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. The Company may accept applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions of application.
13. The application of the subscription proceeds is subject to the absolute discretion of the Directors.
14. Intermediaries who have not provided personal recommendations or advice to UK retail clients on the B Ordinary Shares being applied for and who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FCA number may be entitled to commission on the amount payable in respect of such Shares allocated for each such Application Form at the rates specified in the paragraph headed “Commission” in Part 1 of this document. Intermediaries may agree to waive part or all of their initial commission in respect of an application for B Ordinary Shares under the Offer. If this is the case, then the offer charges will be adjusted, in accordance with the Pricing Formula. Intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission.

Part 7 – Pricing of the Offer, Adviser Charges and Commission

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

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

¹less any reduction for early applications and/or commission waived by Intermediaries (where applicable).

²adjusted for any dividends declared that are ex-dividend but not yet paid, as appropriate.

Illustrative examples (based on a subscription under the Offer of £10,000 and a NAV per B Ordinary Share of £1)

- i) Promoter's Fee (Execution-only transaction) of 2% = £200
Number of B Ordinary Shares = $(10,000 - 200 - 0) \div 1 = 9,800$
- ii) Promoter's Fee (advised) of 2% = £200
Example Adviser Charge = £225
Number of B Ordinary Shares = $(10,000 - 200 - 225) \div 1 = 9,575$
- iii) Promoter's Fee (advised) of 2% = £200
Example Adviser Charge = £400
Number of B Ordinary Shares = $(10,000 - 200 - 400) \div 1 = 9,400$
- iv) Promoter's Fee (direct investment and application received by 15 December 2015*) of 3% = £300
Example Adviser Charge = nil (fee being paid directly by client to Intermediary or direct application)
Number of B Ordinary Shares = $(10,000 - 300 - 0) \div 1 = 9,700$

Applications received and accepted by 5.00 p.m. on 15 December 2015 will benefit from a reduction in the Promoter's Fee of 2% of the amount subscribed (1% reduction if received and accepted after 5.00 p.m. on 15 December 2015 and before 5.00 p.m. on 29 January 2016).

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

Income tax relief should be available on the total amount subscribed, subject to VCT regulations and personal circumstances, which in each of the above examples would be £3,000 (£10,000 at 30%).

Adviser Charges

Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs after 30 December 2012. Instead of commission being paid by the Company, a fee will usually be agreed between the Intermediary and Investor for the advice and related services ("Adviser Charge"). This fee can either be paid directly by the Investor to the Intermediary or, the payment of such fee may be facilitated from the Investor's funds received by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge on the Application Form (see Box 10). The Investor will be issued fewer Ordinary B Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out above. The Adviser Charge is inclusive of VAT, if applicable.

Commission

Commission may be payable where there is an Execution-only Transaction and no advice has been provided by the Intermediary to the Investor or where the Intermediary has demonstrated to Oakley that the Investor is a professional client of the Intermediary. Commission is payable by Oakley out of the Promoter Fee. Those Intermediaries who are permitted to receive commission will usually receive an initial commission of up to 3% of the amount invested by their clients under the Offer. Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the B Ordinary Shares, and subject to applicable laws, regulations and FCA rules, the Company reserves the right to agree trail commission with Intermediaries on an individual basis which is indirectly paid out of Oakley's annual management fees through a corresponding reduction in those management fees. Payment of the trail commission is Oakley's responsibility.

Part 8 – Terms and Conditions of the Dividend Investment Scheme (“DIS”)

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

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

If you are in any doubt about what you should do, you should consult an independent financial adviser. If you have any questions about the Dividend Investment Scheme, you can write to: DIS Administration, The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF.

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

Part 8 – Terms and Conditions of the Dividend Investment Scheme (“DIS”)

7. Each Applicant warrants to the Scheme Administrator that:
 - i) during the continuance of his or her participation in the DIS he or she will remain the sole beneficial owner of the Shares mandated to the DIS free from encumbrances or security interests;
 - ii) all information set out in the DIS application form is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Administrator; and
 - iii) during the continuance of his or her participation in the DIS he or she will comply with the provisions of condition 8 below.
8. The right to participate in the DIS will not be available to any person who is a citizen, resident or national of, or has a registered address in, any jurisdiction outside the United Kingdom. It is the responsibility of any Applicant wishing to participate in the DIS to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s). No such person receiving a copy of the DIS documents may treat them as offering such a right unless an offer could properly be made without such compliance.
9. The Applicant acknowledges that neither the Scheme Administrator, the Company nor the Manager are providing a discretionary management service. The Scheme Administrator, the Company and/or the Manager shall not be responsible for any loss or damage suffered by any Applicant as a result of their participation in the DIS unless due to the negligence or default of the Scheme Administrator, the Company or the Manager (respectively), or its or their servants or agents.
10. The Applicant may at any time by notice to the Scheme Administrator terminate his or her participation in the DIS and withdraw any monies held in the offer account on his or her behalf in relation thereto. If an Applicant shall at any time cease to hold any Shares in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the DIS. If such notice is served or deemed to have been served, the Scheme Administrator shall pay all of the monies held in the Offer Account on the Applicant's behalf to the Applicant at the address set out in the DIS application form, subject to any deductions which the Scheme Administrator may be entitled or bound to make hereunder.
11. If an Applicant withdraws from the DIS and a cash balance remains of less than £1 that balance will not be repaid, but will be donated to a recognised registered charity.
12. The Company and the Scheme Administrator shall be entitled, at any time and from time to time, to suspend the operation of the DIS and/or to terminate the DIS without notice to the Applicants and/or to refuse to invest dividends due on Shares held by a nominee. In the event of termination, the Scheme Administrator shall, subject to condition 11 above, pay to each Applicant all of the monies held in the Offer Account on his or her behalf.
13. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF.
14. The Scheme Administrator shall be entitled to amend the DIS Terms and Conditions on giving one month's notice in writing to all participating Applicants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Applicants unless in the Scheme Administrator's opinion the change materially affects the interests of Applicants. Amendments to the DIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Applicants may be effected without notice.
15. By completing and delivering the DIS application form, the Applicant:
 - i) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - ii) declares that a loan has not been made to the Applicant or any associate of the Applicant which would not have been made, or would not have been made on the same terms, but for the Applicant offering to subscribe for, or acquiring, Shares and that the Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
16. Currently, subscriptions by individuals aged 18 or over for eligible shares in venture capital trusts only attract tax reliefs if in any tax year such subscriptions to all venture capital trusts by such individuals do not exceed £200,000 (including subscriptions pursuant to dividend investment schemes). To qualify for relief, subscriptions must be made in the name of an individual and not through a nominee, although shares may subsequently be transferred into the name of a nominee. Applicants are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company can accept any liability in the event they do not receive any venture capital trust tax reliefs.

Part 8 – Terms and Conditions of the Dividend Investment Scheme (“DIS”)

17. Since dividends on Shares acquired in excess of £200,000 per Applicant in any tax year will not be exempt from income tax in the same way as Shares acquired within this limit, the Applicant will generally be liable to tax on such dividends. Nevertheless the whole of such dividends shall be invested unless the Scheme Administrator is notified to the contrary in writing at least 15 days before an investment day.
18. The Company shall not be required to issue Shares hereunder if the Directors so decide.
19. These DIS Terms and Conditions shall be governed by, and construed in accordance with, English Law and each Applicant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the DIS in any other manner permitted by law or in any court of competent jurisdiction.
20. The Company shall not be required to admit new members to the DIS in circumstances where the proposed level of dividends to be paid by the Company would require the issue of Shares in breach of the Prospectus Rules.
21. All documents will be despatched at the Shareholders’ own risk.

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

Additional Notes

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

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

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

The Scheme Administrator has procedures to help resolve all complaints from customers effectively. If an Applicant has any complaints about the service provided to him or her or wishes to receive a copy of the Scheme Administrator’s complaints procedure, please write to the Scheme Administrator at the address set out on page 22.

This service is a Company sponsored scheme which means that the Scheme Administrator charges the Company a fee which is representative to the costs of operating it. This arrangement means that DIS participants are not charged an annual fee. If an Applicant would like more detail on this arrangement please write to the Scheme Administrator at the address set out on page 22.

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

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

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

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

An Applicant has a right to request to view the personal data that the Scheme Administrator holds on him or her. The Scheme Administrator may charge an Applicant a small fee for providing him or her access to this information.

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

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

Part 8 – Frequently Asked Questions

Q. How much can I invest in the Company?

There is no upper limit on the amount that you can invest in the Company. However, there is a limit on the amount which, in any tax year, you may invest in VCTs which will qualify for any tax reliefs. The current limit is £200,000 in any one tax year. As the Offer spans two tax years (2015/16 and 2016/17) on current limits you can subscribe up to a maximum of £400,000. Each spouse has his or her own limit and so together spouses can invest up to £400,000 in respect of each financial year.

Q. What is the minimum level of investment?

The minimum subscription is £3,000 per application.

Q. To whom should I make the cheque payable?

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

Q. Can I pay for my shares electronically?

Yes, to the following account:

Account name: The City Partnership - Pembroke VCT

Account number: 11010368

Sort code: 80-22-60

Q. Where should I send my application?

Your application form should be sent to The City Partnership (UK) Limited, 21-23 Thistle Street, Edinburgh EH2 1DF.

Q. Will I receive a share certificate?

The Company will despatch a share certificate to you within ten 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 subscriptions for shares in VCTs of £200,000 in any tax year.

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

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

Part 8 – Notes on Application Form

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

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

1. Amount for which you wish to subscribe: Insert (in figures) in A, B and C of Section 1 the amount for which you wish to subscribe (subject, if relevant, to the deduction of any adviser fees – see Option B in Section 10 of the Application Form) in relation to each individual tax year. You are able to specify in which individual tax year you invest. The application must be for a minimum of £3,000 and above that minimum in multiples of £1,000.

For applications in respect of which intermediaries have offered financial advice where an Investor has applied for an amount where the deduction of IFA fees takes the net subscription to below £3,000, then Shares will be issued based on the net amount.

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

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

Account name: The City Partnership - Pembroke VCT

Account number: 11010368

Sort code: 80-22-60

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

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

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

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

Money Laundering Notice – Important procedures for applications of the sterling equivalent of €15,000 (for these purposes approximately £10,500, as at the date of this document, or more). The verification of identity requirements in the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or result in a delay.

If the amount of your application is for the sterling equivalent of €15,000 or more (for these purposes approximately £10,500, as at the date of this document) or is one of a series of linked applications, the value of which exceeds that amount then please provide the documents set out in A or B below (as appropriate). If, however, you tick the box in Section 3 of the Application Form (Online Anti-money Laundering Identity Check), then the Receiving Agent will arrange for a third party acting on the Company's behalf to undertake an online identity check for the purposes of the ML Regulations (and in that case no identity documentation need be provided with your Application Form). The Company still reserves the right, however, to request identity documentation if needed.

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.

Part 8 – Notes on Application Form continued

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

- a. a certified copy of either your passport or driving licence; and
 - b. a recent (no more than three months old) original bank or building society statement, or utility bill, or recent tax bill, in your name.
2. Name and address, etc: Insert (using block capitals) in Section 2 your full name, full address including the post code, email address, daytime telephone number, National Insurance number and date of birth.
 3. Signature and date: Sign and date the Application Form in Section 4. 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 29 October 2015.

Administration of Shareholder Account

The dividends paid by the Company can be taken as cash. Sections 5 and 6 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 5 nor 6 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 5 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 6 of the Application Form. By signing and dating this section of the form you authorise the Company's Registrar to administer your shareholding in accordance with the instructions noted in the Shareholder Account Administration section of the Application Form.
6. **Financial advisers' details: in order to assist in the making of the application, and to process the deduction (if any) of any adviser fees or payment of commission from the subscription the Applicant has provided – appropriately authorised financial advisers should complete Sections 9 and 10 or 11, giving their contact name and address and their FCA number. Please note the financial advisers' obligations to advise their clients of the risk factors set out on pages 18 to 21 of this document.**
7. Bank details for one-off fees or commission: Financial advisers who are entitled to receive one-off fees or commission can choose to have these paid directly to their bank account. In order to facilitate this, please complete Section 10 of the Application Form.

Part 8 – Application Form

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

Pembroke VCT plc – Application Form

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

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

PLEASE USE BLOCK CAPITALS TO COMPLETE THE FORM.

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

Cheque

Make your cheque or bankers' draft out to "The City Partnership – Pembroke VCT" and cross it with the words "A/C Payee only". 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 p.m. on 5 April 2016 in respect of an application of Shares to be made in relation to the 2015/2016 tax year or 5.00 p.m. on 29 April 2016 in respect of an application of Shares to be made in relation to the 2016/2017 tax year. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2016/2017 Offer, may be extended by the Directors at their absolute discretion to a date no later than 14 October 2016. If you post your Application Form you are recommended to use first class post and allow at least four days for delivery.

Electronic Transfer

If you wish to pay by electronic transfer, please use the following details: account name The City Partnership - Pembroke VCT; account number 11010368; sort code 80-22-60. Please 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 p.m. on 5 April 2016 in respect of an application of Shares to be made in relation to the 2015/2016 tax year or 5.00 p.m. on 29 April 2016 in respect of an application of Shares to be made in relation to the 2016/2017 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

Application for Shares in 2015/2016 (income tax year 2015/2016)

A £

Application for Shares in 2016/2017 (income tax year 2016/2017)

B £

Total (A+B)*

C £

Total (A + B) to be not less than £3,000 (multiples of £1,000 thereafter)

Box Da Total per cheque/bankers' draft received

£

Box Db Total per Electronic Transfer

£

*Including any adviser fees to be facilitated (see Section 10B of this form)

2. Personal Details

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

*Mandatory fields

Part 8 – Application Form

3. Online Anti-Money Laundering Identity Check

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

☐

4. Signature

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

Signature:

Date:

Administration of Shareholder Account

Please complete Sections 5 and 6 as applicable.

5. Payments of Dividends to your Bank Account

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

☐

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

Account name:

Account number (please quote all digits and zeros):

Sort Code:

Name of Bank or Building Society:

Branch:

Branch Address:

Post Code:

6. Dividend Payment Authorisation

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

Full Name:

Signature:

Date:

Post Code:

Part 8 – Application Form

7. Dividend Investment Scheme

I wish to participate in the Dividend Investment Scheme ☐

Please note: for existing Shareholders the DIS will apply to all share classes currently held.

If you wish to receive dividends in cash, do not tick this box.

8. Existing Shareholders

Please tick this box if you are an existing Shareholder ☐

If your existing Shares are held in the name of a nominee, please insert their name and address in this box:

Name:

Address:

9. Details of Financial Advisers (if any)

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

All financial advisers MUST advise their clients of the Risk Factors set out on pages 18 to 21 of this document.

Firm Name:

Contact (Adviser/Administrator) (delete as appropriate):

E-mail address:

FCA Number:

Telephone No:

Address:

Post Code:

Please tick one of the following:

Option A

Tick Box ☐

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

GO TO SECTION 10

OR

Option B

Tick Box ☐

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

GO TO SECTION 11

Part 8 – Application Form

10. Direct Payment of One-Off Fees to Financial Adviser

(for applications in respect of which intermediaries have offered financial advice)
(To be completed by you and the intermediary whose details are in Section 9)

Option A

Tick Box ☐

I have agreed to pay fees direct to my Financial 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 my Financial Adviser detailed in Section 9 a one-off fee for advice relating to my investment. I hereby instruct the deduction of this amount from my subscription and its remittance to my Financial Adviser on my behalf:

Please insert in the adjacent box the amount of the one-off fee payable to your Financial Adviser. £

I understand that tax relief may 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.

Signed by Applicant:

Confirmed by Adviser:

11. Introductory Commission of up to 3% in total

(for applications in respect of which financial intermediaries have offered NO financial advice)
(To be completed by you and the intermediary whose details are in Section 9)

% of commission which should be paid to the financial intermediary

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

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

Signed by Applicant:

Confirmed by Adviser:

12. Direct Payment of One-Off Fees and Commission to a Bank Account

(for applications in respect of which intermediaries have offered financial advice)
(To be completed by the intermediary whose details are in Section 9)

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

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

Account name:

Account number (please quote all digits and zeros):

Sort Code:

Name of Bank or Building Society:

Branch:

Branch Address:

Post Code:

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

Signature:

Date:



pembroke
VCT plc

3 Cadogan Gate, London SW1X 0AS

Registered in England and Wales
Company number 08307631